

The NATIONAL UNDERWRITER

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The National Weekly Newspaper of Fire and Casualty Insurance

Hail Insurers Continue To Show Good Results

Crop-Hail Assn.'s Statistics For 1960 Reflect Profitable Year

Crop-Hail Insurance Actuarial Assn.'s preliminary statistics on the 1960 results of its members and subscribers show a total premium income of \$75,100,282 and losses of \$40,814,610. This produces a loss ratio of 54.3%, and puts the business comfortably in the black for the third year in a row.

The Crop-Hail Association companies write about 75% of all the hail premiums in the U. S. Richard J. Roth is manager of the association.

In 1959, the CHIAA companies had \$73 million in premiums and \$33 million in losses, so this year was not as sensationally good, but it still ranks among the better ones.

Texas took over first place as the number one hail insurance state with \$9,089,000 in premiums. The state also has the dubious distinction of leading in amount of loss with \$5,926,000, and this figure may rise as additional losses are cleared that are not included in the current statistics. The 65.2% loss ratio may get into the 70% range. CHIAA's filing revisions of coverage in Texas and asking for a sizable rate increase. Hearings were held in Austin Nov. 4.

North Carolina, first in 1959, was second this year in premiums, but is more in favor with the hail people because the loss ratio was 34%. North Dakota displaced Kansas as the number three state, but it continued to show a bad loss ratio, 71% this year compared with 91% in 1959.

For many years Kansas was the leading hail state with its huge wheat crop. Kansas has not been able to retain its pre-eminent position, but it still is a major hail insurance area with \$6,800,000 in premiums and, better still for the insurance people, a 30% loss ratio.

Three good years in a row ought to (CONTINUED ON PAGE 45)

IAC Ready With Ad Award Program For Producers In 1960

The annual advertising awards program for agents and brokers has just been announced by Insurance Advertising Conference. C. F. Sheer, public relations director of Zurich, and G. M. Kiefer, advertising manager of American Casualty, are co-chairmen. The program is designed to recognize agents and brokers for "outstanding, imaginative and effective use of advertising" during the 1960 calendar year.

In judging the advertising entries, emphasis is placed on ingenuity and continuity. The amount of money spent and the agency's premium volume are (CONTINUED ON PAGE 54)

Election Results To Put Some New Faces In Commissioners' Line-up

Last week's elections effected many changes—not the least of which were in the ranks of insurance commissioners. In these states there was no gubernatorial election, nor was the incumbent commissioner up for election: Alabama, Alaska, California, Colorado, Connecticut, District of Columbia, Georgia, Hawaii, Idaho, Kentucky, Louisiana, Maryland, Mississippi, Nevada, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Virginia and Wyoming.

In some of the following states, gubernatorial races were run, although this does not necessarily mean there is, or will be, a change in commissioner. In other of these states, the commissioner himself ran for election. Specifics are given in as complete a version as is possible this week.

Arkansas

Gov. Faubus was reelected. Commissioner Combs' term expires Jan. 15, 1961.

Delaware

Commissioner Smith was reelected in 1959 and his term does not expire until 1963.

Florida

Commissioner Larson, originally elected in 1940, was reelected state treasurer and commissioner by a majority of some 360,000 votes.

Illinois

The election of a Democratic gov-

ernor in Illinois will no doubt mean the departure early next year of Joseph S. Gerber as director. Mr. Gerber has supplied the state with a superior quality of insurance supervision and has been one of the workers and leaders in NAIC. In fact, he was on the way to the NAIC presidency but last June removed himself from consideration.

Indiana

The incumbent governor lost and Commissioner Ashley probably will not be reappointed when his term expires in January.

Iowa

The change from Democratic to Republican governor in Iowa won't lose Commissioner William Timmons his job. His term runs until 1963. Mr. Timmons was appointed by a Democrat, Loveless, and his predecessor, Oliver Bennett, was appointed by a Republican. Each will have served half of his term under other party administration.

Kansas

Frank Sullivan ran for reelection and reports indicate that he did win.

Maine

The incumbent governor won reelection. Commissioner Mahoney's term does not expire until August of 1963.

Massachusetts

A change in governor here from one party to another—Commissioner Whitney's term technically does not expire until April of 1962.

Michigan

Although the Democrats won in Michigan, Commissioner Blackford probably will not be named Commissioner by the new governor, John Swainson. Mr. Blackford, who has never been confirmed by the Republican senate, has announced that he will re- (CONTINUED ON PAGE 50)

AMA Insurance Unit Fall Meeting Covers Variety Of Subjects

600 At Chicago Conclave; Coverages And Buyers' Responsibilities Studied

A variety of subjects focusing on coverages and buyers' responsibilities were ventilated at the fall conference of the American Management Assn. insurance section at Chicago last week. The three days of meetings, augmented socially by upwards of 20 hospitality suites, and receptions and dinners, attracted 600 registrants.

Reports Developments

Developments in the umbrella liability policy were reported by Thomas J. Byrne of the Byrne, Byrne agency of Chicago, who described the frequent misuse and distortion to which the plan has been subjected. It was misused when written in lieu of upper limits of existing insurance instead of being written to provide additional catastrophe limits over and above those of the primary policy. It was also distorted by agents who represented it as a broad and undefined coverage for which it was not intended. Consequently, experience deteriorated. By 1959 the London market for the first layer of umbrella placing had dried up, and domestic insurers became discouraged. To restore the umbrella as a useful instrument, restrictions had to be introduced.

Most markets, Mr. Byrne observed, will not write umbrella for financial institutions, contractors, railroads, oil risks and utilities.

He said the common capacity of domestic insurers for umbrella coverage is about \$1 million. The capacity of the entire domestic market is about \$10 to \$15 million and the London (CONTINUED ON PAGE 52)

New Amsterdam Cas. Head Recommends Merger With Home

J. Arthur Nelson, chairman of New Amsterdam Casualty, has issued a statement to stockholders recommending the merger with Home as being in their best interest. After careful consideration, he states, the special committee of New Amsterdam which was negotiating with Fidelity & Deposit, terminated negotiations.

Under the terms of the proposed merger arrangements with Home, after the declaration of a 10% stock dividend on the presently issued and outstanding stock of Home, the latter would offer one share of its stock in exchange for each share of New Amsterdam. The current cash dividend on Home stock would be continued at the present \$2.20 per share annually.

Mr. Nelson points out that there would thus be no tax liability and that New Amsterdam stockholders would get a 10% increase in the cash dividend.

Mr. Nelson recommended the merger arrangement with Home "after considering all contacts and discussions we have had with other companies relating to possible combinations with (New Amsterdam), including the proposal of Security of New Haven."



Herbert J. Lorber, chairman Rollins Burdick Hunter Co., at the reception and dinner given by RBH at the AMA meeting in Chicago with Wesley Johnson, Chrysler Corp.; E. J. Flood, International Harvester, and Edward McGowan, Motorola Finance Corp.

Agency Accounting, Big I, Are On NAIA Agenda Dec. 1-4

Increased interest in agency accounting data processing and the current status of the fund raising for the 1961 Big I advertising program will be two of the main items the executive committee of National Assn. of Insurance Agents will discuss at its meeting in New York, Dec. 1-4.

Ellis To Attend

Cooper M. Cubbedge of Jacksonville, Fla., vice-president of the association, indicated that some members of the executive committee, including Porter Ellis of Dallas, president, will arrive early to attend the meeting of National Assn. of Insurance Commissioners, which is being held in New York, Nov. 28-Dec. 2. The NAIA will be host to the commissioners at its traditional buffet luncheon Nov. 28. Officers of many state agents associations are expected to attend with the commissioners of their states.

Panel Proves Stimulating

The special panel presentation on agency accounting data processing during the recent NAIA annual convention stimulated a considerable number of inquiries from agents. Rosser Long, Fayetteville, W. Va., chairman of the agency management committee, will explore this important subject further with the executive committee. Arthur F. Blum, Rockaway Park, N. Y., who participated in the convention panel on the subject, will bring the executive committee up-to-date on the progress being made in the automated agency accounting experiment in his agency which may serve as a pilot study for other agencies.

Even though the 1960 advertising program of NAIA is still in high gear, complete plans and the fund raising program for the 1961 program will be reviewed by Joe E. Vincent of Bryan, Tex., chairman of the NAIA advertising committee. Reports from around the country indicate greater interest in the "big difference" theme of the 1961 program than in any other program developed to date. Target for this campaign has been set at \$1,285,000.

Credit Cards On Agenda

Another item on the executive committee's agenda is the status of credit card solicitation of A&S by Standard Oil of Indiana.

Plans for the NAIA midyear meeting in Philadelphia April 17-19 and its annual meeting in Dallas, Sept. 25-27 will be reviewed by the executive committee. In addition to Mr. Ellis and Mr. Cubbedge, who is chairman, the executive committee is composed of Milton R. Cheverton of San Diego, Hayne P. Glover Jr. of Greenville, S. C., Fred H. Johnson of Columbus, O., H. H. Nelson of Council Bluffs, Peter J. Walsh of Denver, and S. H. Warner of Memphis.

Ecuador Plane Was In London Market

The F-27 turbo-prop plane which crashed in Ecuador was insured in the London market. The hull was valued at between \$750,000 and \$1 million. The plane of Cia Ecuatoriana Aerea was en route from Guayaquil in south-east Ecuador when it struck a 14,623-foot dormant volcano about 30 miles south of Quito. The death toll was reported at 38.

Lumbermens Of Mansfield Pushes Medium Sized Commercial Lines With Its Own Package Policies

By BERNARD P. McMACKIN Jr.

MANSFIELD, OHIO—Likening its situation to that of its agents, Lumbermens Mutual has unveiled plans for an aggressive drive on commercial lines. In an all-day meeting in the home office city—to be repeated 18 times in a dozen states—company executives spoke plainly of their disenchantment with the personal lines market and presented an impressive array of new commercial packages at mani-

festly competitive rates. Lumbermens intends to readjust in this way its ratio of personal lines to other business—estimated at 60-40—and obviously hopes its agents will do likewise.

In part the move represents a turning back for Lumbermens. Originally a special coverage organization, as its name indicates, the company has always placed high value on individual risk underwriting. This position was clung to, with heavy emphasis on engineering for risk improvement, even after the company expanded into other lines. However, as President C. E. Nail reminded veteran agents, individual underwriting has not been entirely successful in personal lines, a field Lumbermens entered in 1928.

Merit Rated HO Is Put On Market By Phoenix, Hartford

Phoenix of Hartford group has issued a continuous "careful homeowners policy with a built-in merit discount." The premium is reduced if insured does not claim a loss.

The company is launching the new policy with an intensive advertising and promotion campaign. This includes full page advertisements in Saturday Evening Post and big space newspaper ads in all major markets where the careful HO will be offered. It is being introduced initially in 18 states, with more to be added as approvals are received from insurance departments.

Phoenix agents will receive a comprehensive sales kit, including special window displays, brochures, newspaper mats, and mailers.

Back To Specialization

"We are going back to specialization, which is what our company was built on," Mr. Nail said, observing that "there is no investment income to waste on practices which are going to lead to underwriting losses." The fire insurance mass market promises to become as "confused and unprofitable" as automobile now is, Mr. Nail believes, placing the blame for this on "the homeowners rate war."

The headquarters force for Lumbermens' expedition is its brand new commercial multiple lines department, which is under the direction of C. E. Nail Jr., assistant secretary. The department is working hand-in-glove

(CONTINUED ON PAGE 20)

Sheehy To Succeed McKell In Top Post Of American Surety

Henry G. Sheehy, 1st vice-president of American Surety, will become presi-



Henry G. Sheehy



William E. McKell

dent Jan. 1 on the retirement of William E. McKell, who will conclude his 50-year career in insurance at the end of this year.

Mr. Sheehy began in the business with American Surety in 1922 as an office boy. Later he was with Aetna Casualty as a claims adjuster before joining Standard Accident where he became resident vice-president at San Francisco. He joined Massachusetts Bonding in 1938 and was named vice-president in 1945. Mr. Sheehy rejoined American Surety following its acquisition by Transamerica earlier this year. He is also president of Pacific National Fire.

Started At Salt Lake

Mr. McKell joined American Surety in 1909 at Salt Lake City. In 1926 he became vice-president in charge of production at the home office. He advanced to 1st vice-president in 1945, president in 1955 and to chairman in 1957.

Mr. McKell has been president of Assn. of Casualty & Surety Companies, National Assn. of Casualty & Surety Executives, director of the U. S. Chamber of Commerce, chairman of the insurance committee and director of the New York State Chamber of Commerce, and past president and director of the New York Board of Trade.

Mr. McKell will continue his close association with American Surety affairs, by remaining as chairman. He has also been retained as counselor and adviser to the company and its officers.

Glens Falls Asks SEC Approval Of 100,000 Shares For K.C. F&M.

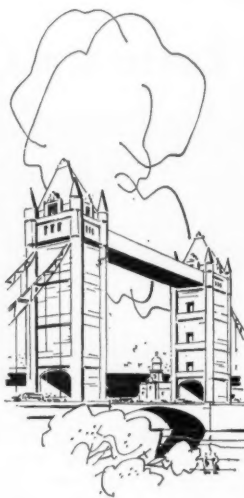
Glens Falls has filed a statement with Securities & Exchange Commission seeking registration of 100,000 shares of stock which it proposes to offer in exchange for the 100,000 shares which Kansas City F&M. has issued and outstanding.

The group of soliciting dealers is headed by First Boston Corp. A selling commission of 30 cents a share will be paid if less than 95% of the Kansas City F&M. stock is tendered and 40 cents if 95% or more is offered. The dealer manager, First Boston Corp., will receive a management fee of \$15,000 or \$20,000 under the same conditions as the selling commission, and will receive a \$25,000 fee as financial adviser.

Glens Falls has outstanding 1.3 million shares of stock of which management officials as a group own 70,786 shares, or 5.4%.

IN THE BEST TRADITION

In the past few years, great changes have taken place in insurance procedures which have profoundly affected the conduct of your business. We at Leslie H. Cook have dealt with these changes on a day-to-day basis, developed workable techniques to help you prosper and grow. We like to call it creative selling . . . "in the best tradition."



Leslie H. Cook

INCORPORATED

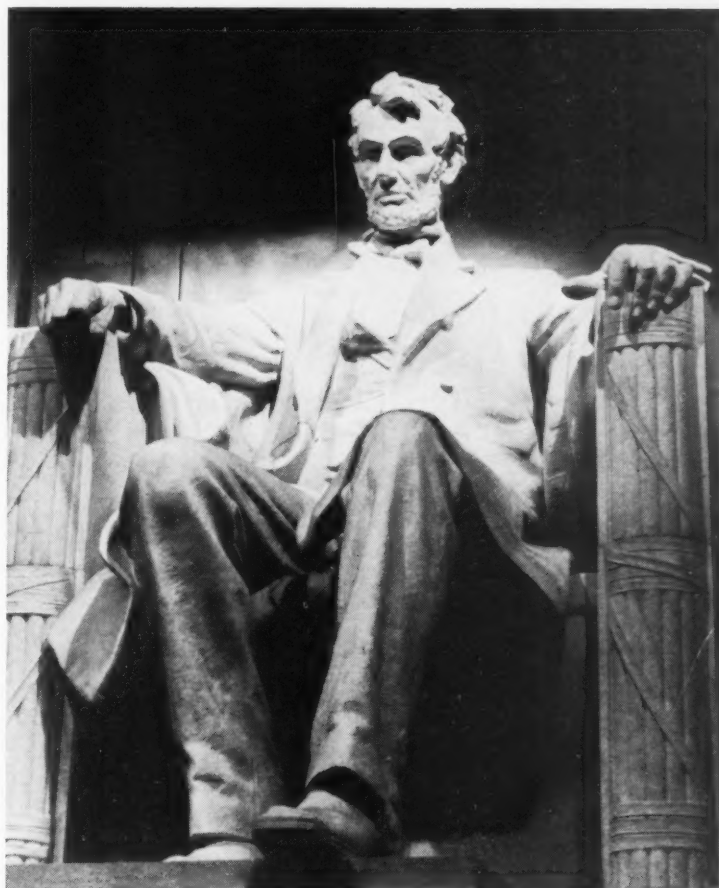


175 W. JACKSON BLVD. • CHICAGO 4 • WABASH 2-8783
36 PEARL ST. • HARTFORD 3, CONN. • CHAPEL 7-2534

REINSURANCE, Treaty Facultative • SURPLUS LINES, All Forms • EXCESS COVERS



*The mark of a man
is the resolute promise
he makes to himself*
“never admit
defeat”



'Tis easy to become discouraged . . . to give up, to admit defeat! Failure to close a sale can often darken the brightest day. Frequently our world collapses in the face of vigorous competition. Even talk of a recession or business decline makes day to day inroads on our spiritual and moral fiber. The little things conquer us most.

But “beauty is in the eye of the beholder.” Just as the pioneer paved the way with plough and harrow, the immortal Abraham Lincoln throughout his lifetime fired broadsides of courage for all to see. On two occasions he failed in business. His sweetheart died. He suffered a nervous breakdown. He was defeated for Congress four times. The vice presidency slipped away from him in 1856. *Did he give up?*

Pioneering isn't in the remote past . . . it is a state of mind. The ability to carry on in the face of defeat is the mark of a man. It is the element which makes the salesman a producer, the printer a craftsman, the violinist a musician.

Stand ready, alert, vigilant and watchful . . . and the victories of selling will outnumber the defeats as the stars outnumber the planets. *Never admit defeat!*

*Write for our new Lloyd's booklet
— just off the press. It will guide
you to new horizons in selling!*



REINSURANCE EXCESS AND SURPLUS LINES
LEO B. MENNER & COMPANY, INC.
BOARD OF TRADE BUILDING | 141 WEST JACKSON BOULEVARD • CHICAGO 4
PHONE • WEBSTER 9-7565

McConnell Reviews 'Mild' O'Mahoney Report For CPCUs

The O'Mahoney subcommittee report was surprisingly moderate in view of Sen. O'Mahoney's previously indicated philosophies, according to Commissioner F. Britton McConnell of California.

Mr. McConnell reviewed the report in his address before 700 insurance men at the all-industry luncheon at

Los Angeles sponsored by Pacific chapter of Society of CPCU. Charles A. Lutz Jr., president of the chapter, presided at the luncheon, and Harold Steele of American Institute administered the oath to 18 CPCU designees from southern California.

The commissioner said it was remarkable that the report contained only 20 conclusions and recommendations of which the majority approve of conditions found in nearly all of the larger states and urged their extension to remaining states. "In my opinion, the subcommittee has done a valuable

service in that what it has done will have the lasting beneficial effect of speeding the orderly, continuous improvement in our magnificent system of state regulation of insurance."

However, he disputed some of the conclusions, one of them being that "the study revealed that states have not dealt effectively with mergers which have occurred in the insurance business." He recalled a statement by a witness from the U. S. Department of Justice who testified that "in the face of a remarkable growth

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Illinois Insurance Problems Conference Set For Nov. 22

Practical Illinois insurance questions, especially those affecting business and industry, will be discussed at an insurance problems conference, Nov. 22, in the Sheraton Towers, Chicago, sponsored by Illinois Chamber of Commerce.

Speakers at morning, luncheon and afternoon sessions will present authoritative information on all phases of business insurance including casualty trends and transitions, corporate liability coverage needs, protection against the irresponsible driver, fraud, ground rules in handling of personal injury claims and suits, and insurance rates and court congestion.

Speakers will include Chase M. Smith, general counsel Lumbermen Mutual Casualty, Chicago; George E. DeWolf, insurance manager Jewel Tea Co.; Arthur C. Conley, general counsel and manager Insurance Federation of Massachusetts; Fletcher B. Coleman, vice-president State Farm Mutual Automobile; K. A. Carney, director claims research bureau Assn. of American Railroads; Joseph S. Gerber, director of insurance Illinois; F. Reed Dickerson, professor of law Indiana University; Joseph P. Gibson Jr., president American Mutual Reinsurance; Samuel B. Epstein, chief justice superior court of Cook County; John C. Fitzgerald, deputy court administrator Cook County; Philip H. Corbey, attorney Chicago; Tom L. Yates, attorney Yates, Fisk, Haider & Burke, Chicago; and Holgar J. Johnson, president Institute of Life Insurance.

Session chairmen will be C. L. Morris, president Illinois National Ins. Co. and president Illinois Insurance Information Service; C. Malcom Moss, counsel Chicago regional home office Prudential; and William H. Franklin, Caterpillar Tractor Co.

File Merit Plan In KY. And Ask For Higher Rates

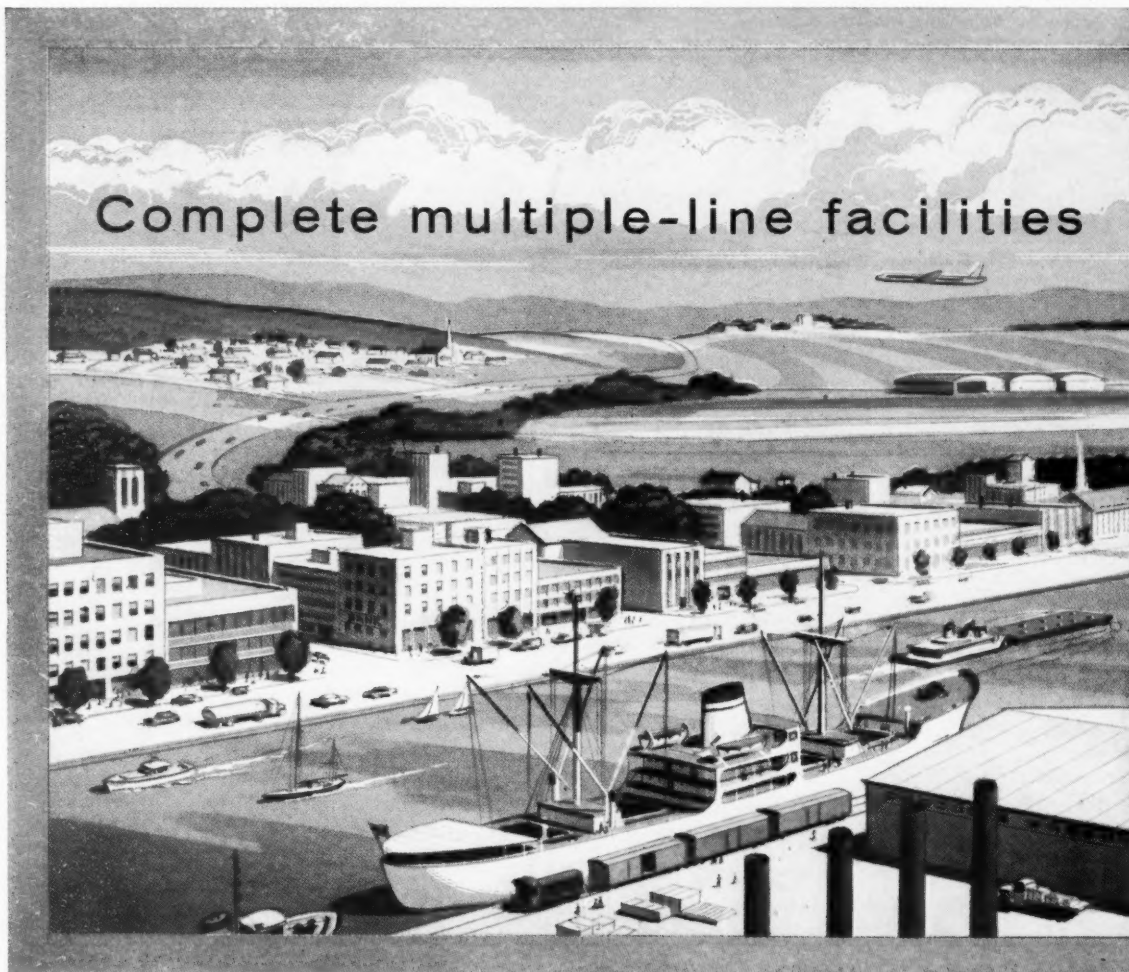
The meri rating, auto package policy program of National Bureau and National Automobile Underwriters Assn. has been filed in Kentucky. The department conducted a hearing on the filing this week.

Coincidentally, National Bureau asked for an increase of 8.1% in rates for private passenger cars, 14.5% for commercial cars, and 12.2% for garage risks. NAU would reduce \$50 deductible collision 7.5% and \$100 deductible 13% for private passenger cars. Comprehensive would go up 14%. Commercial cars operating more than 50 miles would get a 10 to 20% reduction in collision, and those operating less than 50 miles would get an increase of 11%.

\$2.4 Million Suit Over Construction Of Electra

Braniff Airline has sued Lockheed Aircraft Corp. and General Motors for \$2.4 million on allegations that the Lockheed Electra was negligently designed and manufactured. Braniff is seeking to recover damages that resulted from the crash of an Electra being operated by Braniff near Buffalo, Tex., in 1959.

In Washington a House subcommittee heard testimony this week that the Electras now in service, under Federal Aviation Administrations speed restrictions, are safe as any other form of transportation.



With the addition of Life and Accident and Health to our long established and growing capacities in strategic personal and commercial lines, we offer independent agents and brokers a uniquely coordinated traditional service.



Chubb & Son Inc. UNDERWRITERS

90 John Street, New York 38, New York
Manager

FEDERAL INSURANCE COMPANY • VIGILANT INSURANCE COMPANY • THE MARINE INSURANCE CO., LTD. • THE SEA INSURANCE CO., LTD.

LONDON ASSURANCE (MARINE DEPT.) • ALLIANCE ASSURANCE CO., LTD.

Life Insurance, Accident & Health, Group Insurance through

THE COLONIAL LIFE INSURANCE COMPANY OF AMERICA

Affiliate of FEDERAL INSURANCE COMPANY

Aviation Insurance through Associated Aviation Underwriters

Advertising that Helps Salesmen Sell

"We feel that our advertising dollar has never brought a greater return," said Robert F. Mayer, advertising manager of the Federated Insurance Co., after the enthusiastic field reaction to a two-page ad which the company ran in *Magazone 3* of LOOK's new regional advertising program. Reaction and results were so good that Federated has since used a two-page ad in *Magazone 5*, and three more single pages in *Magazone 3*.

Federated has a double purpose in its advertising, according to C. J. Bailey, director of sales at home office in Owatonna, Minnesota. First, to give the company recognition in a national magazine and to let the readers of LOOK know about Federated. Second, to give the fieldman the psychological lift which comes when local people stop and tell him they saw his picture and the Federated ad in LOOK.

A Growing Organization

Federated is a multiline company which combines the Federated Mutual Implement and Hardware Insurance Company and Federated Life Insurance Company. The original company was organized in 1904 to sell fire insurance. Today Federated is a growing organization which states in its advertising that it provides "modern protection with the human touch" for business, home, car and life. Its sales

organization is active in 23 states and in Canada.

Federated ads appear regularly in 10 Canadian and 27 U.S. trade publications. Most of these publications are in the farm equipment and hardware field. Their purpose is to establish name identity in advance of the call of the salesman, and to promote the sale of group life insurance and group accident and sickness coverage.

Ads Feature Salesmen

To offer its sales organization the circulation and prestige of a national publication within a concentrated area, Federated has used LOOK's *Magazone* plan in the Southeast and in the West Central states. It has also advertised in the Canadian edition of *Time*.

These ads follow two distinct formats. The double-page spreads feature the pictures of Federated salesmen and list their names and addresses. The single-page ads tell a story of product, and prepare the way for the salesman's call. Here's a typical paragraph from a product ad:

"Your nearest Federated man can provide complete 'one-stop' service for all of your insurance needs. There are many advantages in letting him plan all of your insurance. But, whether it be a life policy, a family auto policy, a new homeowner's policy, or insurance for your business, you'll find Federated as fine protection as money can buy."

Salesmen Get Results

Do the fieldmen like this advertising support? Here are some reactions:

- "Have had many excellent comments from both prospects and policyholders on the LOOK advertisement. Also believe it has helped a great deal to upgrade the prestige of both me as a Federated salesman and the Company."
- "In my opinion this type of advertising is excellent to establish prestige and to pave the way when we wish to talk to someone about Federated."
- "The advertising told a good portion of the Federated story to a multitude of people at one time and started mouth-to-ear advertising among the people in my North Georgia territory. This I consider to be most helpful to me in the sales field."
- "I think the LOOK ad was one of the finest advertising moves we've ever made. There's no way of knowing just how much insurance we've sold because of it, but I am sure we made terrific strides in name identification."

- "Believe the LOOK ad helped get our name before the public as nothing else has. Have received many comments and have been accused of buying out the newsstands. Let's do it again!"

Promotion Ties In

Federated has a well-planned promotion program tied in with its advertising. For example, reprints of the ads inside LOOK covers are mailed to a select list of business prospects for each agent. Cooperative newspaper advertising and radio spots are available to fieldmen. Good use is made of billboards and office displays. Direct mail and point-of-sale materials repeat the company message. An insurance advertising guide is placed in the hands of every sales representative to help him make the most effective use of the Federated advertising program.

LOOK

The exciting story of people . . . what they do, what they feel, what they want, what they think . . . an everchanging story told with warmth, understanding and wonder.

Reaching into 16,850,000 households with a single issue

See Big Industry Role In Providing Health Care For Retired Employees

Private industry, as a purchaser of three-fourths of the nation's health care coverage, will be playing a substantial role in providing health care benefits for its retired employees, according to a consensus of panelists examining the subject at the fall insurance conference of American Management Assn. at Chicago. Industry will meet this obligation either voluntarily or coercibly through taxes.

Representatives of management, labor, insurance and medicine presented their views on industry's responsibilities and the drain on the corporate pocketbook in fulfilling them. The speakers were Morton D. Miller, vice-president and associate actuary Equitable Society; E. D. Starkweather, vice-president of personnel North American Aviation; Leonard W. Martin of the economic research department of American Medical Assn.; Jerome Pollack, social security department of AFL-CIO; and James E. Stuart, president of New York Blue Cross.

Mr. Miller said that 60% of his company's group policyholders will have some of their health benefits continued after retirement. Continuation of benefits directly under the group plan has many advantages over the conversion mechanism. There is greater flexibility, and employer participation in the cost is possible. In the majority of Equitable contracts, the employer pays the entire cost of post-retirement continuance, and when the cost is contributory, the pensioners

usually pay no greater a rate than were their contributions when they were active employees.

Costs May Be Ascertained

Uncertainty as to costs has tended to slow development of post-retirement continuance, he said. This should no longer be a factor because there is now sufficient experience and it is pretty well known what the costs will be.

It has been said that the retiree coverage costs roughly three times as much as active employee coverage. This is not an accurate estimate, Mr. Miller said, because active employee coverage usually includes family protection with provisions for maternity benefits and protection for dependent children which are largely absent among retired employees. Hence, the actual cost should be nearly 1½ times that for active employees.

He mentioned a number of advantages in prefunding retirement health benefits. The cost is greatly reduced—sometimes as much as a third—because of interest earnings, and cost may be allocated to the working years where they belong. One of the factors tending to slow the development of prefunding has been the absence of a ruling on the tax status of these funds. He suggested that this may be the time to seek clarification of the tax status under present regulations or, if necessary, amendment to the tax laws.

Mr. Miller said he had no doubt that employees want the security of retire-

ment health benefits. "While they may not deliberately seek to have the government provide these benefits, they will not turn away from the government unless private voluntary efforts are successful in meeting this need as they see it. They may appreciate little of the cost factors involved or of the complexities of health care and health insurance.

Do Not See Extension

"Nor, do they see the inevitable extension of any general governmental program," he said, which may start with the aged and expand to every form of medical care and into a universal, governmental system of care for everyone, resulting in ultimate replacement of private medicine by public medicine.

A specific retirement insurance program was outlined by Mr. Starkweather, whose company's plan is now benefiting about 4,000 of the company's 70,000 employees. The North American retirement program includes not only medical and surgical coverage but also pre-retirement counseling. The latter commences when the employee reaches age 55 and continues until normal retirement at 65 or automatic retirement at 68. During this period the employee receives appropriate literature and is interviewed. Employees at this time are urged to avoid long term installment buying and to make every effort to liquidate all debts before retirement.

Cost of the medical coverage is shared with the retiree, who pays \$5.50 per month for himself and \$13.50 for coverage for his family, Mr. Starkweather explained.

Gives Labor Viewpoint

The view of organized labor was presented by Mr. Pollack. He lauded the many companies which have set up health programs to cover their retired employees; however, he said that it is inappropriate to saddle the employer with all of the burden. He favored a split-level system in which the government and private industry through voluntary plans share the load. This would be supplementary participation by government, not unlike existing programs embracing unemployment compensation and pensions in which both government and private industry have a hand in. Specifically, "the use of social security would appear to be in order," he declared.

Mr. Pollack was critical of the existing health care program for the aged, saying that "emphasis on individual need runs counter to centuries of effort to move away from the means test." The proper approach would be one based upon presumptive need.

The controversy over Forand-type legislation demonstrated a "remarkable reversal of the traditional liberal and conservative positions," he noted. Labor normally favors a progressive tax while conservatives prefer regressive measures. This issue, however, finds the conservatives in favor of paying for health care out of the general revenue, while labor supports the regressive social security tax, he commented.

Asked if he espoused socialized medicine as practiced in Britain, Mr. Pollack replied that labor opposed the British system as being inconsistent with American tradition.

The role of industry in health care

for the retired evolves around both moral and economic reasons, Mr. Stuart said. Morally, it has the obligation "to prove that our way of doing things is best." The economic consideration is that industry will pay the major share of health care costs, either through voluntary means or through taxes. Voluntary prepayment is the most economical method, he declared, because it puts control over costs with the community agencies where it belongs.

Has Taken Action

There is no question of forestalling government action in the health insurance field because the government has already taken action. Both parties are committed to a program for health care for the aged, and they differ only in devices. "The question now is how to implement government and cooperate with it in the areas of responsibilities as is now in the process of assuming," he declared.

Government action, Mr. Stuart said, has not taken the pressure off prepayment plans. The government may provide a floor of protection, but there will still be agitation to bring the level of protection for the aged up to the level of other groups. Industry will feel this pressure and must soon decide how it will respond to it, he said.

Assails Detractors Of System

Mr. Martin assailed the detractors of the voluntary system who sought to dissolve it because it covered only 70% of the population. If this is a valid reason for doing away with it, he said it would be just as logical to abolish democratic elections in this country because only 60% of those eligible voted. The fact that fewer than 100% of the people avail themselves of voluntary health insurance proves that the program is voluntary; those who don't want it don't buy it.

"We seek primarily and fundamentally to protect the freedom of the consumer and the supplier . . ." and this is represented by freedom of choice, he said. This freedom means a choice of whether or not to buy, a choice of plan, type and amount of insurance wanted, and a choice of insurer. These choices are generally denied under a "monolithic, governmental, compulsory, welfare program."

Mr. Martin also criticized compulsory programs because they tend to freeze an initial pattern and become archaic and, consequently, costly.

The voluntary plan is preferable because it works, it provides better solutions, is flexible, costs less, is compatible with the American way of life, and it is not compulsory, he declared.

PRIMARY COVERAGES IN ILLINOIS

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Selling Is The Only Real Issue, Mich. Mutual Agents Hear

Agent anxieties brought about by direct billing, automation, direct writer competition and commission cuts are only symptoms rather than the basic illness, Michigan Assn. of Mutual Insurance Agents were told at the annual meeting at Grand Rapids. The only cure, the overpowering need, is for greater emphasis on selling, George R. McKiever, Miami, said in his first address since becoming president of the national association.

"Whatever else our competition is doing to us, and it is doing quite a few things, the principal thing it is doing is out-selling us," he declared.

The Michigan mutual agents elected Morris DeFour, Grosse Pointe Woods, president, succeeding Ronald DeKuiper, Fremont. Other new officers are Donald Schriber, Grand Rapids, vice-president; George Van Deusen, Detroit, secretary; and Stanley Nesen, Alma, treasurer.

Mr. McKiever outlined a number of needs which must be fulfilled if the agent is to do a better selling job: Greater manpower, more intelligent use of advertising, better selling procedures.

Have More Than They Can Handle

Most agents have more business than they can service individually and have reached a plateau where they must stop selling or add manpower. Education is prerequisite for qualified manpower, and he suggested the NAMIA summer school for beginners at Oberlin (O.) College. "It is, I believe, within the financial capacity of most of our members to send young men to this school," he said. He asked his listeners how much they were spending on advertising and how intelligently they were spending it. Stock company agents have been trying for three years to create an image of themselves, and he said he thought they had made some progress. However, it is essentially a local, community level job, so progress can be measured realistically only on the basis of how well the agent is doing in his home town. He urged the agents to use the Mounted Warrior symbol and "Mutual Agents Offer More." If all mutual agents spent a reasonable amount of money on advertising and spent it intelligently, "the collective result will be a program which nationally would cost a great amount of mon-

ey," he said.

Agents seem to be interested in learning about coverages and rating but not in how to sell, Mr. McKiever declared. Although neither companies nor associations have offered the facilities for this that they have for coverages and rating, there is no dearth of material, clinics and opportunities in selling.

Commenting on the agent's product, Mr. McKiever said it must be more than a good product, it must be competitive price-wise. He said the bureau companies, generally speaking, wait until competition develops competitive classifications, and then they attempt to counter this with defensive efforts. "The time has come when we must be first," he said, and he predicted that the competition would "purify the 2C classification and start skimming the cream."

Caused Resentment

He termed the bureau companies' homeowners policy the "meat axe approach compared to the rapier thrust of the competition" and said it had stirred up resentment of producers on whom the companies must rely for selling. He admitted that he did not have a better alternative, but he advised agents to address themselves vigorously to the problem.

"I ask you what would have happened had the various state associations, through the assistance of their national association, both stock and mutual, collectively and promptly opposed these filings? Whether or not they should have been opposed, I think we will all agree that we should have been alerted to them and in a position to have an intelligent opinion," he said.

Need Utmost Efficiency

Agencies must be operated with the utmost efficiency at the minimum cost, Mr. McKiever said, and this may mean automation is necessary or the NAMIA manual on simplified office procedures should be employed. What usually is needed is a careful study of the present operation.

Pros and cons of direct billing were discussed by a panel and the sentiment seemed to be more con than pro. John Keyser, Kalamazoo, immediate past president of the national association, was the moderator and participants were Charles Venema, Kalamazoo; Russell Cloetingh, Muskegon; Jack S. Nugent, Michigan Millers Mutual; and Donald Grimes. The subject was introduced by R. C. Emery, National Grange Mutual.

John B. Read, Chicago, described how he operates his agency. He said he

(CONTINUED ON PAGE 50)

Sullivan Advanced By Aetna Casualty

Aetna Casualty has named John L. Sullivan assistant secretary of the controller's department.

He joined the company in 1921 and became cashier at Milwaukee and cashier and office manager at Detroit. He was later at Pittsburgh and Newark as superintendent of accounts before his transfer to the Hartford office where he has been controller since 1946.

Iowa AR Hearing On Uniform Rates Is Rescheduled

The public hearing on uniform rates for assigned risks in Iowa, scheduled for Nov. 17 in Commissioner Timmons' offices, has been postponed and rescheduled for Nov. 22 in the same place.

MacDonald President Of Rochester Field Club

Insurance Field Club of Rochester, N. Y. has elected Ronald MacDonald, Phoenix of New York, president. Other officers are Kenneth W. Horton, Hartford Fire, vice-president; Christian P. Lang, Crum & Forster, secretary; and Carl H. Colcord, Fireman's Fund, treasurer.

South Bend Adjusters Elect

South Bend Adjusters Assn. has chosen John Anglin, Ohio Farmers, president. Also elected are Robert Aller, Indiana Farm Bureau Mutual, vice-president, and Richard Evans, Indiana Ins. Co., secretary-treasurer.

Surety Assn. Of Wis. Elects Ralph Zehran

New officers of Surety Association of Wisconsin, elected at the annual meeting in Milwaukee, are: President, Ralph R. Zehran, Employers Liability; vice-president, Donald Harris, Fidelity & Casualty; secretary-treasurer, Paul W. Wolfram, Victor A. Penn Co.

The executive committee consists of Messrs. Zehran and Harris and A. J. Goddard, Aetna Casualty; Donald A. Soderland, Maryland Casualty, and Donald Sommers, Hartford Accident.

Underwriters Adjusting Opens Okla. City Office

Underwriters Adjusting has appointed Joseph C. Martin manager of a new office at 3113 Classen Boulevard, Oklahoma City. He has been in the business 15 years.

Excelsior Names Zimowski

Excelsior has appointed Stanley Zimowski Jr. field supervisor. He will take over portions of the territories covered by James Secor in western New York, John Matlack in western Pennsylvania and Bruce Howard and George McQuain in northeast Ohio. Mr. Zimowski went with Crum & Forster at Pittsburgh in 1952 and subsequently joined Northern of London as field representative in western Pennsylvania.

Automobile liability rates have been revised in South Carolina, effective Nov. 16. The result is an average statewide reduction of 2.1% for private passenger cars.

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East—IBM/Acct. Supv.\$ 9,000
Ill.—Mult. L. State Agt.\$ 9,000
M. West—Fleet Undr. Supv.\$ 8,500
Mo.—Cas. Supv. (Und/Prod.)\$ 8,500
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Automobile Business As It Was, Is, And Is Apt To Be, Described By Bureau Chief

NEW YORK—The auto insurance business is under the pressure of more competitive influences today than ever before, J. M. Muir, general manager Mutual Insurance Rating Bureau, told the mutual technical conference sponsored here by his bureau, Mutual Insurance Advisory Assn., Transportation Insurance Rating Bureau, and Federation of Mutual Fire Insurance Companies.

In general, he said, the automobile business faces a complex of problems arising from rate level adequacy (or inadequacy), innovations in rating and coverage programs and marketing techniques, federal investigation of the business, the commissioners' inquiry into the adequacy of state regulation, promotion by National Assn. of Independent Insurers of regulation by competition to replace the all industry rate regulatory laws, and the "model" regulatory bill introduced in District of Columbia by Sen. O'Mahoney.

Many Casualty Rates

During the 1920s, Mr. Muir recalled, National Bureau developed casualty rates for New York, the only state to introduce rate regulation for casualty other than workmen's compensation, on the basis of the experience of its members. Independents usually filed the bureau's manuals subject to amendments and exceptions as desired. There were, consequently, a multiplicity of casualty rates, particularly auto.

The situation was complicated by problems in the automobile fleet business. In the absence of a uniform experience rating plan and a procedure for exchanging past experience, adverse developments in individual risks' records usually prompted a shifting of business from one company to another. Extensive rate cutting and acute competitive practices by individual companies on auto fleets caused chaotic conditions. Complaints to the New York department brought about a movement urging New York to create order and stability in auto liability underwriting. This preceded the organization in 1929 of what is now Mutual Bureau.

In the early years of the casualty business, competitive rating programs were dominant, as insurers sought to attract the most desirable auto business, Mr. Muir commented. Experimentation with individual risk rating plans for personal lines was the rule rather than the exception during the 1920s. The objective was to provide reduced rates for the relatively low hazard classes. Many systems were tried and abandoned. In virtually all cases the initial concept of adherence to balanced rate level failed to develop. There was no coverage standard—not until 1935 was the standard provision program launched. In most states competition was the regulator.

With the commerce decision in 1944 came state regulation.

Double Standard

That regulation, Mr. Muir charged, is not unblemished, when items are considered such as (1) political intervention in rate filings, (2) obstruction and delays in securing needed rate increases, and (3) "double standards in judging filings of rating organizations as against those of companies filing independently."

Rising loss costs and inadequate rates have impelled acute underwriting selectivity in the past five years, Mr.

Muir observed. Assigned risks have increased. More flexible rating systems have been devised to attract desirable business. New methods of merchandising have been set up and a more compact product devised. Those companies with underwriting policies designed to offer a market for business of a general class have been put at a keen disadvantage, he declared.

Price has become a major, if not the sole, competitive factor, and packaging which eliminates overlapping is used as a rate discount device. Refined classifications have been introduced.

The introduction of a trend factor in rate making proved to be, in the opinion of some leaders in the business, too little and too late.

Can't Abuse The Privilege

Mr. Muir pointed out that risk selectivity, which is the base of the competitive auto insurance situation, was not so much competitive as self preservative. As rates fell behind losses,

companies acted to meet the impact. Yet students of the business noted that selectivity, if not properly controlled could have a dangerous effect upon the business. Decisions to write or reject business may not remain a prerogative of the business if the privilege is substantially abused, he declared.

"It is no credit to the specialty companies which fostered (highly selective underwriting) that the automobile insurance business today is in the hands of private enterprise," Mr. Muir said.

He then described the introduction of the bureau safe driver plans and

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package policies. The Mutual Bureau's program now is being used by companies writing 60% of its members' countrywide private passenger automobile exposure. These plans, stock and mutual, have led to protests by agents because of the need to master new forms and systems, because of the introduction of direct billing and continuous policies, etc.

Emphasize Competitive Need

The investigation by Sen. O'Mahoney and the bill he introduced for D. C., plus the rate regulatory legislation suggested by NAII strongly emphasize

the desirability of more and more competition, Mr. Muir observed. This makes even more important the recommendations of a special committee of commissioners which has been studying the adequacy of rate regulation, which will be reported to the NAIC meeting in New York City at the end of November.

A significant aspect of the competitive picture is the absence of "prudent efforts" to enhance the public relation of the auto insurance business, he said. This has made it exceedingly difficult for representatives of the industry appearing before public audiences in rate

revision cases to get the companies' story across. Some improvement has been affected in this area.

The most recent development in automobile competition is the announcement by the bureau companies of a non-can policy in New York.

May Become Secondary

Within the foreseeable future traditional concepts of writing and rating automobile insurance may have been relegated to a secondary role, Mr. Muir suggested. Packaging will have permeated the market coast to coast. Refined rating systems will be common-

place. Appendages to accepted grants of coverage will have appeared eventually to blend with the policy contract.

The techniques of rate making will have to keep up with the expanding movement to divide and subdivide exposures, he advised.

May Publicize Agent License Lifting In Me.

Suspensions of agency licenses in Maine probably should be publicized, Commissioner George F. Mahoney told a meeting in Portland of Cumberland County agents' association. He said most of those suspended are "people who should never have been in the insurance business." Suspensions of insurance men and agencies and hearings on such suspensions are not presently publicized.

Mr. Mahoney also said that some agents in the states are charging illegal fees for processing assigned risk applications. "Ten per cent is allowed," he said. "Some are charging \$2, \$5 or even \$20. This is hard to police."

He said he favored a uniform rate for assigned risks so applicants would know beforehand what companies charge.

Great American Names Blackmarr In Kentucky

Great American has appointed John R. Blackmarr special agent in Kentucky with headquarters in the Starks Building, Louisville. He succeeds Richard Doerfler, who has been transferred to Denver.

Jefferson Names Struck In Fire Underwriting

Jefferson has appointed Jacob A. Struck fire manager. He will have charge of fire underwriting countrywide. He was formerly underwriting supervisor of Pacific of New York.

Brannon To Amer. Mercury

H. David Brannon has joined the underwriting staff of American Mercury. He was most recently aviation underwriter of Ohio Casualty. He has also been with United Services Auto and Farmers Exchange.

Kan. Mutual OL&T Rates Up

Mutual Bureau has increased OL&T BI rates for area and frontage classifications an average of 9.3% in Kansas, effective Nov. 9. Storekeepers liability rates have been revised to maintain the relation with OL&T rates.

Truby In Ariz. Field

Bruce E. Truby has been named special agent in Arizona by Northwestern Mutual. His headquarters will be in Tucson. Mr. Truby replaces William E. Ellis, who has been transferred to San Francisco.

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Staffed by experts with many years of background in boiler and machinery insurance underwriting, sales and administration, the department will work closely with producers in risk analysis and development of protective programs to fit the insured's needs. The department's activities will be concentrated in the eastern United States at first, but the area served will be expanded as rapidly as possible.

Since, in so many cases, boiler and machinery is a vital line, addition of this coverage is bound to help HOMEtown agents, both as a compelling door-opener and in total account selling as well. So when you think of boiler and machinery insurance, it makes good sense to think of The HOME!

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Insurance Merchants And Professionals Different; Eyes Odd Trends In Business

By downgrading and depersonalizing insurance from a service for the avoidance of uncertainty to a mere commodity to be bought at the cheapest price available, the business itself and the public have lost more than they have gained. If all the agent contributes to the insurance mechanism is to act as a clerk for the company, it is silly to speak of him as a professional salesman. These views were expressed by Henry K. Duke, Cumberland, Md. agent, in a talk at the all-industry dinner in Dayton, O., of the Dayton and Miami valley chapters of CPCU.

Must Not Treat As Merchandise

Without presuming to say that insurance is or is not merchandise, Mr. Duke contended that to treat it as such is contrary to the best interest of the companies, the agents and the public.

Mr. Duke distinguished between the insurance merchant and the insurance professional by noting some characteristics of each. The merchant, whether he is a broker, an agent, or the salaried salesman for a company, operates on the basic premise that he is being paid to sell. He sells ethically, intelligently and efficiently. But he feels under no obligation to recom-

mend that his client do what he himself would do under similar circumstances.

The merchant can and does urge the purchase of various coverages on the theory that in general they are desirable, without assuming any responsibility for their appropriateness in a given case. Often, he sells the coverage he himself imperfectly understands, to a client who understands it not at all, simply because the client has evidenced a willingness to buy it, and he has it for sale. As is proper for a merchant, he sells insurance as a commodity, and it would be only natural for him to follow the dictum: "Buyer, beware."

In contrast, the insurance professional's philosophy is based on an objective point of view. Even though he may be serving as agent or broker, he believes that he is being compensated for "advice." His first concern is to further the net economic advantage of his client. Where insurance, in his judgment, is the best solution, he recommends it. Where it is not the best solution, he discourages it. If professional advice from attorneys, accountants, and others seems indicated, he urges it, regardless of its possible effect on the purchase of insurance. Since he professes to have skill, learn-

ing and experience in his specialty, he does not hesitate to express a definite opinion, and having expressed it, to stand by it. His advice need not always be right, but it must be objective as is within his power, and always in good faith.

In contrasting the characteristics of the insurance merchant and the professional, Mr. Duke's intent is not to belittle the one and to compliment the other. But he strongly suggests that to compensate them on the same basis is unsound and is fast becoming unworkable.

Analyzes Packaging

Another trend associated with the concept of insurance as merchandise is the so-called packaging of insurance, Mr. Duke observed. He quoted a cynical agent who said: "The advent of packaging at last brings within reach of all, types of insurance they didn't want to buy in the first place."

This statement is exaggerated, but it contains some seeds of truth, in Mr. Duke's view. He believes that certain of the packages which treat the hazards on a "shot-gun" basis, tend to "scratch things which do not itch," and there is no more futile and unrewarding occupation in the world.

To what extent the rush to package insurance is founded in a sincere desire to serve the public, and to what extent it depends upon less admirable motives, is debatable. But it has led to anomalies difficult to explain, Mr. Duke declared. He pointed out that the 1959 homeowners policy form includes fire and extended coverage on building, 40% of the same amount on contents, CPL, theft, extra expense, and replacement cost coverage on building. But in more than a few territories, the premium for fire and EC on building and contents alone is greater than that charged for form 1 homeowners.

It is well known that actuaries employ mathematical techniques which the laymen neither requires nor understands. But surely, "probability mathematics" which will support such rates as these would have puzzled the world's outstanding mathematicians.

Mr. Duke does not believe he is qualified either to criticize or to advise the bureaus in connection with the design and rating of homeowners coverages, and he does not say that the matter has been mishandled, but he declared: "If the matter has been well handled, with such confusing results, we can only thank God it was not mishandled, or we would have had chaos complete and unabridged."

Mr. Duke is opposed to packaging, but he feels that the tendency to con-

(CONTINUED ON PAGE 50)

Western Casualty Has Improved Results On 50th Anniversary

Western Casualty and its affiliate, Western Fire, reported improved operating results and larger income from investments in the nine months ended Sept. 30. The company is celebrating its 50th anniversary, having been founded Nov. 10, 1910, in Fort Scott. The group has become one of the leading multiple-line insurance organizations of the nation, with nearly a million policyholders in 39 states and an annual premium income of more than \$50 million. The executive offices are located in Kansas City.

Net premiums written for the nine months totaled \$38,716,968, compared with \$38,130,527 a year ago. The statutory underwriting gain was \$163,460, compared with a loss of \$394,880 a year ago. The gain from investments was \$1,121,656, against \$1,022,194.

Net income after taxes and provision for the profit-sharing trust was \$1,142,912, equal to \$1.90 a share on the outstanding 600,000 shares against \$453,979, or 90 cents a share on 500,000 shares outstanding a year earlier.

The adjusted earnings, including the increase in the equity in the unearned premium reserve, amounted to \$2,296,823, equal to \$3.83 a share, against \$4.37 a year before on the smaller capitalization.

Revise Mich. Agents' Driver Training Manual

Michigan Assn. of Insurance Agents has published its revised insurance manual for students of driver training classes throughout the state. Under Michigan law juveniles must have complete driver training courses successfully before they can be licensed.

The new edition of "Understanding Automobile Insurance" is an illustrated, paper-bound brochure of 32 pages, of which 100,000 copies have been printed. It will be distributed through member agencies free to the fledgling drivers as a good will building gesture.

The revised booklet contains the latest information on single limit policies, Michigan's driver point system (under which drivers automatically forfeit their licenses when they have accumulated a specific number of penalty points through violations), and merit rating plans.

Michigan Insurance Information Service will offer a similar booklet entitled "Bon Voyage" directly to the schools. The Michigan association will also supply schools, on request.

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Pictured at all-industry luncheon of Chicago CPCU chapter are, from left: Edward D. Bowman, Stewart-Keator-Kessberger & Lederer, vice-president; Albert M. Devroye, Millers National; Lewis R. Plast, Cook County Inspection Bureau secretary; and Charles B. Taylor, Alexander & Co. Mr. Devroye was one of the luncheon speakers, and Mr. Taylor was in charge of morning and afternoon forums.

Meridian Mutual's Bank-Loan Plan Has New Feature

Meridian Mutual agents throughout Indiana have been appointed exclusive loan correspondents for the bank and may process the loan paper without prior approval from the bank.

Under the auto financing portion of the program, a credit of 5% of the first year's finance charges is given if monthly payments are prompt. Similarly, 10% is allowed for prompt payment for two consecutive years and, in the case of a 36-month loan, 15% of total finance charges are credited to the borrower for three full years of prompt payments.

When the auto insurance policy is purchased at the time of the loan, and the borrower qualifies for the safe driving discount, immediate savings of 5, 10 or 15% of the total policy cost can be earned for one, two or three or more years of claim-free driving.

Automation Seminar Held By Hartford Fire Group

Hartford Fire group held a two-day seminar on automation and accounting at the company auditorium. It was attended by 75 representatives and executives from all home office departments. Object of the seminar is to increase inter-department understanding of joint opportunities and problems.

Subjects discussed at seminar, which was conducted by officials of International Business Machines Corp., were the use of magnetic tape, equipment and the "consolidated functions" approach.

Similar seminars will be held next year at the group's eight departmental headquarters across the country and in Canada.

McClain To Fla. Field For Phoenix Of London Group

Phoenix of London has appointed William S. McClain Jr. special agent in Florida. He will be under the supervision of James E. Roth, manager of the Florida service office at St. Petersburg.

Promoted At Kalamazoo

Hugh Roach, resident claims adjuster of Michigan Mutual Liability at Kalamazoo since 1954, has been named claims manager there.

Hatfield And Elvis Are Promoted By Phoenix, Hartford

Frank C. Hatfield Jr. has been promoted to secretary and John B. Elvis to assistant secretary of Phoenix of Hartford group.

Mr. Hatfield joined Phoenix in 1939 as a state agent in Georgia and Alabama, after previous experience in the field for Aetna Fire. He was recalled to the home office that same year and became superintendent of country-wide brokerage in 1942, superintendent of pools and reinsurance contracts in 1950 and appointed an assistant secretary of the company in charge of the multiple peril division in 1956.

Before joining Phoenix as a special agent in Knoxville, Mr. Elvis was with Illinois Inspection Bureau, a field man with Royal, and manager of Interstate Greene & Greene agency of Evansville, Ind. He became a state agent of the Phoenix group in 1954 and manager of the Tennessee district office in 1956.

Centennial Retailer's Package Gets N. Y. OK

The retailer's safeguard policy of Centennial of Atlantic Mutual has been approved in New York. The package combines fire, burglary, transit and public liability coverages.

Miles F. York, president, reports the package policy was literally designed by the company's agents. Last year, the multiple lines department of the company distributed a questionnaire to hundreds of agents seeking their ideas. It was found the agents favored flexibility in a policy that would combine physical damage and public liability coverage for commercial insured similar to the homeowners.

The package policy was introduced in Pennsylvania, Delaware, Ohio and California to test market reaction. Approval of the policy in New York marks the first step in expansion of the program to other states, Mr. York said.

Auto Discounts In 1920s

The Westerner, publication of Western Casualty & Surety, calls attention to the following bit of history:

One of the few rating principles of the 1920s that, to our knowledge, doesn't have a 1960 equivalent is the bumper discount. Collision premiums could be discounted for private passenger automobiles equipped with

bumpers, the make of which was approved by Underwriters' Laboratories, providing "the bumper is satisfactorily attached with approved fittings to cars for which it is designed."

A 10% could be allowed for an approved front bumper, 2½% for the rear bumper, or 12% for both bumpers.

If the automobiles of today had bumpers instead of ornaments for bumpers, perhaps there would be some logic in again allowing discounts for bumpers.

McMahon Joins Sayre & Toso

Ralph McMahon has joined Sayre & Toso as office manager at Los Angeles. He was office and personnel manager for a chain of stores, and prior to that was with Occidental Life of California.

Discusses Fidelity Loss Ratios

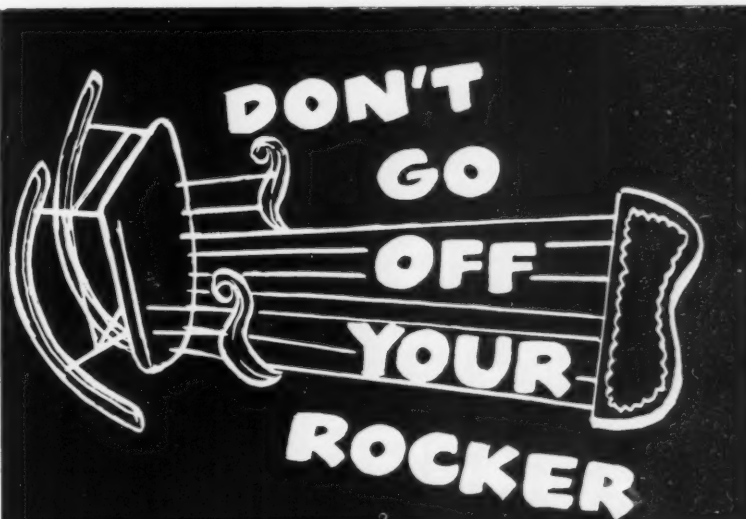
Current loss ratios in fidelity insurance coverage and rates in recent years were discussed by John Kahl, vice-president Marsh & McLennan, at the November meeting of Minnesota chapter of American Society of Insurance Management.

New Kansas Handbook Now On Sale

A new Underwriter Handbook of Kansas has just been published by The National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Kansas handbook may be obtained from The National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

Half-Month Salary Is National Fire Yule Bonus

The board of National Fire has authorized a Christmas bonus of one-half a month's salary, subject to a maximum limit, to each salaried employee not a member of the board employed prior to January 1960. The plan also provides a bonus for other employees according to length of service.



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Computers Are Burnable And Expensive; Plastics And Glass Alter Building Risk

NEW YORK—Fire underwriters attending the mutual technical conference sponsored here by Federation of Mutual Fire Insurance Companies were warned by Dale K. Auck, director of the fire protection division of the federation, that electronic computers can burn and produce very heavy losses. New processes in the construction of

buildings may reduce substantially their resistance to fire—and throw present rates completely out of gear.

The uses of plastics are headed for an enormous increase, Mr. Auck said, and their composition ranges from fairly fire resistive to highly inflammable, almost explosive. He emphasized that wherever the underwriter

runs across the term "organic peroxide," a chemical frequently used in the making of plastics, he should "run up a red flag and salute it." Organic peroxides are high hazard chemicals used as chain reaction catalysts in plastics manufacture. With more and more plastics coming on the scene, the amounts of peroxides used will increase.

Computers Can Burn

Many insurers are looking to automation to solve policy, statistical, or accounting problems, and insured are

doing the same thing. Card punch equipment, analog computers, data processing systems with memory equipment and electronic brains are expensive. They can also burn, he said. International Business Machines and Burroughs report that some 2,000 firms now are using data processing equipment, he said. Electronic equipment is rugged. It is also delicate. That is why it is enclosed in consoles. A fire in a computer or a data processing system is a serious protection problem and a financial catastrophe.

In June, 1959, the data processing fire in the Pentagon resulted in a \$30 million loss to taxpayers.

But, Mr. Auck said, the cause of the fire was not from the computers themselves. A bare 100-watt electric light bulb was allowed to touch the burnable acoustical ceiling in the space between a new ceiling and the old one. The ceiling had been lowered to make the air conditioning work more efficiently. The fire burned for some time before it was noticed. Hand fire extinguishers couldn't reach the site of the fire. The plastic reel storage was in the open and unprotected. Plastics make a very hot, dirty, smoky fire. It took eight hours to get this one under control.

Representatives of data machine firms say they are not afraid of fires starting in their machines. They think it can't happen. So they are not designing any internal permanent fire extinguishment or fire alarm devices in these expensive consoles. Mr. Auck pointed out, however, that this equipment is not different from a giant sized TV or radio set. It has electricity inside, wires are covered with burnable insulation, short circuits can develop and they may blow the fuse or open a circuit breaker most of the time but not all of the time. With heat, air and burnable material, fires can start inside data processing consoles.

Among the ideas of protection that have developed from the Pentagon fire and from several that the Navy has had in recent years, are:

Fires in computer rooms may start more often from outside everyday causes than from the inherent characteristics of the data machines themselves. Hand fire extinguishers are of little value because the equipment is enclosed—consoles must be opened up to allow extinguishers to be used, which admits more air and oxygen and allows the fire to gain headway.

Also, consoles need permanently installed carbon-dioxide fire extinguishment systems actuated by abnormal heat levels within the console. Computer and data machine rooms, especially those with false acoustical ceilings, need sprinkler protection both above and below these burnable ceilings. Console and data equipment needs redesign to locate grillwork or to protect it so water from sprinklers cannot get inside the console or other enclosure.

Internal fire protection is needed because rotating drum memory cores

(CONTINUED ON PAGE 48)



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Use Of Research Men And Methods Long Overdue, Desperately Needed

Private industry is spending close to \$10 billion annually for research, C. O. Shaver, actuary Nationwide Mutual Fire, told the Mutual Insurance Technical Conference in New York. In essence, research is fact finding—a care-

ful, critical, exhaustive determination of what is from observation, experiment, or qualified authorities who have reported their own observations and experiments. It contrasts with intuition, hunch, opinion, belief, or any

of a number of ways of forming hazardous and incomplete notions of things as they are or as they should be.

The major problem facing insurance management today, as every day in

the past, is the inescapable necessity of making decisions. The business has been making these decisions, often reluctantly, sometimes when the "moment of truth" can no longer be delayed, for better or worse, depending largely upon a combination in varying proportions of judgment, experience, prescribed procedures of the business, intuition, tensions implicit in the organizational structure, and personal bias. The points at which the decision-making process needs strengthening most are the very points where research can make a contribution: Information and objectivity.

Circumstance And Intuition

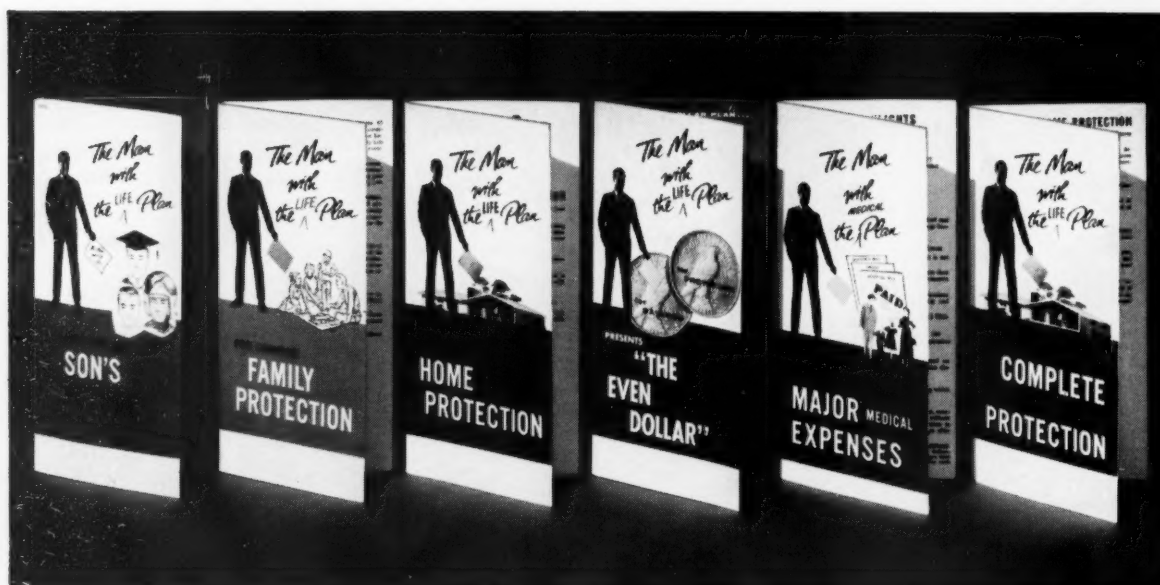
He warned that research is fruitless when used to gather facts to buttress conclusions already reached on some other basis or when facts are ignored and the decision is based upon considerations of political expediency, pressure of circumstances, or intuition under any of its many guises. "Too many organizations use research as an inebriate uses a lamp post—for support rather than illumination."

Probably at no time since this business began has it faced problems such as exist today, Mr. Shaver declared. The need for the illuminating power of research is desperate. Every insurance function is replete with challenges to research: Underwriting, public relations, claims, personnel, product development, and marketing. Some of these problems assume proportions that call for the resources of the largest companies or a combination of companies in an industry association. But, Mr. Shaver said, many of them can be tackled by relatively small companies with small research departments staffed by a few highly qualified people. Even the smallest company, if it wants research, has available the facilities of some nearby college or university, most of which are eager to cooperate with local industry and can accomplish a great deal of work with a modest subsidy. It is highly significant that the most promising attack upon the critical problem of youthful drivers has been mounted by the little Farmers Mutual Re of Iowa.

Product Development

He emphasized the importance of research in product development and distribution. The industry is becoming more competitive. Also, insurance products must compete in the market places with all the other goods and services bidding for the consumer's disposable income. And except for auto and fire insurance, the business is restricted to the relatively small discre-

(CONTINUED ON PAGE 34)



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Urges Careful Planning On All Sides Before Move Into All Lines Operation

For one producer and one company to insure the individual "against everything" is more easily said than done in the opinion of Chase M. Smith, general counsel and senior vice-president of Lumbermens Mutual Casualty. In a talk to the Legal Section of American Life Convention at the annual meeting in Chicago, he noted that fire

and casualty operations have been joined for some time. The question now is whether the barrier between fire-casualty insurers and life companies shall be removed.

About 15 years ago, when the bars between fire and casualty companies were about to be dropped, Mr. Smith thought that the procedure should be

carefully planned and slowly developed. Otherwise, he foresaw 10 or 20 years of financial loss and chaotic conditions. Throwing the casualty field open to the fire companies and vice versa made him wonder what would happen and who would win, if anybody.

Mr. Smith believed that fire companies, with vast resources and surpluses, could ruin the casualty companies. The latter, on the other hand, with their aggressive underwriting habits and their needs for a more stable and profitable business, could fling themselves in the fire field and by this competitive

struggle, take the profit out of that business.

Fears Realized

Instead of having two segments of the business, each operating in a field it understood, there would be a single field in which nobody could keep a level financial keel. It seems to Mr. Smith that the rating bureaus and rate making processes, and laws on prices and reserves should have been carefully reviewed and remodeled before the new conditions were invited, and that top level planning should have preceded the movement of each type of company into the other field.

Today, Mr. Smith observed, screams of anguish are heard over underwriting losses in both fields. A good part of the cause was the lack of planning.

Favors Vertical Growth

The practically universal adoption at comparatively early stages in the development of the life business of a mortality table and a system of reserves made mandatory by sensible laws has been largely responsible for the tremendous prestige and general good will enjoyed by life companies, Mr. Smith noted. Life companies have built financial solvency, and their main strength lies in the fact that the reserve tables automatically have produced a strong financial structure and automatic rate regulation. Public relations of life companies are good because they have performed on a sound financial basis.

The prospects for "vertical" growth by all parts of the business are boundless, Mr. Smith continued. Abandonment of the concept of specialization is fraught with as many complications in insurance as it would be in medicine. If every doctor was required by law or circumstances or pressure of competition to handle every kind of ailment or surgical operation, progress in medicine and surgery would be questionable.

There is another angle of the concept of "insurance against everything,"

(CONTINUED ON PAGE 37)

Trinity Universal Appoints Two SAs

Trinity Universal has appointed two special agents: Donald C. Davison for the Houston area and Albert N. Herget for southern Ohio.

Mr. Davison has been in the property insurance field for 10 years and joined Trinity in September of this year. Mr. Herget has a background of both underwriting and production and will work out of the Cincinnati office.

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Arthur B. Martin Retires After 46 Years With Hartford Accident

Arthur B. Martin, claim manager of Hartford Accident in the Pacific department, retired Nov. 15. He has been with the companies since 1914 and is the oldest employee, in point of service, in the U.S.

Mr. Martin started as a junior casualty underwriter and later was payroll auditor in the San Joaquin area. He went into claims in 1921 and for 30 years was in charge of the metropolitan claim department in San Francisco. He became manager of the Pacific claim department in 1957.

He has twice served as president of Casualty & Surety Claims Assn. of San Francisco.

Honor Sam Beery

Commissioner Sam N. Beery of Colorado, president National Assn. of Insurance Commissioners, was the guest of honor at an all-industry testimonial luncheon last week at Denver, the sponsors of which were the stock and mutual agents, the A&H agents, the stock and mutual field clubs, the life general agents and the fire and casualty general agents.

A bronze plaque was presented by Charles Schoelzel of Van Schaack & Co. The luncheon was attended by about 100 insurance men.

Currier Is Advanced

Boston group has appointed Harold E. Currier superintendent of the home office inland marine underwriting department. He will handle countrywide underwriting. He joined the group in 1952 as inland marine underwriter.

NAIA Adopting Program Of Insurance Institute

National Assn. of Insurance Agents is adopting as its basic educational program the courses of Insurance Institute of America.

The new arrangement resulted from a study by the educational committee of NAIA. It will enable NAIA to avoid duplication of existing educational facilities and allow development of advanced programs specifically tied to the problems of the independent agent.

The adoption of the IIA program will not affect present programs such as short course schools sponsored by NAIA. Responsibility in connection with the IIA program will be assumed by I. A. Rosenbaum Jr., Meridian, Miss., chairman of the NAIA educational committee.

Material pertaining to the IIA program will shortly be sent out to state association presidents, educational chairmen and other officials. Accompanying this material will be a list of locations where IIA courses are conducted. Arrangements are being made for state and local agents' associations to work with NAIA and IIA to establish courses in specific areas where they are not presently available.

Jacobs To Sales Post

Liberty Mutual has appointed Clifton W. Jacobs assistant vice-president to the newly created position of New England division sales executive, responsible for all sales operations in the division. He was formerly director of research and planning for personal lines. He joined the company as a salesman in Washington, D.C., in 1936, and was named district sales manager

in Los Angeles in 1939. He was named Pacific division sales manager in San Francisco in 1941 and in 1953 went to the home office as assistant vice-president and director of sales.

Fires Rise 10% In England

Fire losses in England for the first eight months of 1960 were 10% larger than for the preceding year in the like period—£30 million against £27 million. The rise in fire damage has brought discussion of tightening regulations and perhaps adopting a single

fire protection code for the entire country.

In early November a £300,000 extension to the English laboratory for fire research was opened. This is jointly financed by the Department of Scientific & Industrial Research and the insurance business.

U.S.F.&G. has transferred Special Agent Elmer L. Wagner from Milwaukee to St. Louis. He had been at Milwaukee for five years and before that was in Chicago with Great American as a fire underwriter.

Stackhouse, Harrison Promoted In West By Crum & Forster

D. O. Stackhouse has been appointed agency superintendent in the western department at Freeport, Ill., of Crum & Forster. He previously had been in charge of the farm and hail department.

Warren B. Harrison has been promoted to head the farm and hail operations of the western department of Crum & Forster.

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Conventions

- Nov. 16-18, Casualty Actuarial Society, annual, Statler Hotel, Washington, D.C.
Nov. 21-22, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.
Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, regular meeting, Commodore Hotel, New York.
Nov. 30, Insurance Federation of New York, annual luncheon, Waldorf-Astoria, New York City.
Dec. 1-2, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel meetings, Conrad Hilton Hotel, Chicago.
Dec. 1-2, Insurance Advertising Conference, midyear, Statler-Hilton Hotel, Washington, D. C.
Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

1961

- Jan. 9, International Federation of Commercial Travelers Insurance Organizations, midyear, Edgewater Beach Hotel, Chicago.
Feb. 9-10, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton Hotel, Chicago.
Feb. 13-15, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York City.
Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.
March 9-11, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.
March 12-15, National Assn. of Mutual Insurance Agents & Texas mutual agents, combined midyear, Shamrock-Hilton Hotel, Houston.
March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.
March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.
March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.
March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.
April 9-13, National Assn. of Surety Bond Producers, annual, St. Francis Hotel, San Francisco.
April 16-18, Eastern Agents Conference, annual, Sheraton Hotel, Philadelphia.
April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.
April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.
April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.
April 23-27, American Assn. of Managing General agents, annual, Camelback Inn, Phoenix.
May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Kiamesha Lake, N. Y.
May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.
May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.
May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.
May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.
May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.
May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.
May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.
May 14-16, Iowa agents, annual, Savary Hotel, Des Moines.
May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.
May 17, National Assn. of Independent Adjusters, Sheraton Towers Hotel, Chicago.
May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.
May 18-20, Texas agents, annual, Galveston.
May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.
May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.
May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.
June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.
June 12-14, International Assn. of A. & H. Underwriters, annual, Waldorf Astoria Hotel, New York City.
June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
June 15-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.
June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.
June 26-28, Virginia agents, annual, The Homestead, Hot Springs.
June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.
July 4-6, International Assn. of Insurance Counsel, annual, Queen Elizabeth Hotel, Montreal, Canada.
August 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.

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Skutt Sees Scant Probability Of U.S. Taking Over A&S Field

There is little probability of the federal government taking over the health insurance field, V. J. Skutt, president Mutual of Omaha, said at the dedication of the company's new Milwaukee office building. Mr. Skutt declared that if the government will just permit private industry time, the need for governmental assistance will be small. Mr. Skutt was assisted at the dedication by N. Murray Longworth, president United of Omaha, whose company will share space with Mutual of Omaha.

Mr. Skutt urged that any governmental assistance in health insurance for the aged who cannot afford private programs be made a part of the recently enacted federal legislation. He termed this a good law, administered on a local level and not a case where checks are mailed to persons by the government whether they are needed or not.

He noted that all the publicity about whether the government should enter the field of health insurance has helped to boost sales in the industry. People have grown more aware of the need for this type of insurance and sales have been increasing at a rate of four times the population growth.

The new division office is part of an expansion program that has opened 10 new sales offices in the Milwaukee area in the last six months.

St. Paul News, employee publication of St. Paul-Western companies, won five awards at the Northwest Industrial Editors Assn. annual institute at Minneapolis.

Companies, Agents Must Cooperate, Miller Tells Illinois Agents Assn.

Agencies need the companies and vice versa, "and if you are going to continue to operate under the agency system, both will have to 'shuck' some old ideas," Elmer Miller, insurance editor Journal of Commerce, told the Illinois agents. It is an encouraging sign that some companies are consulting with agents on new policies, he added. Cooperation is badly needed.

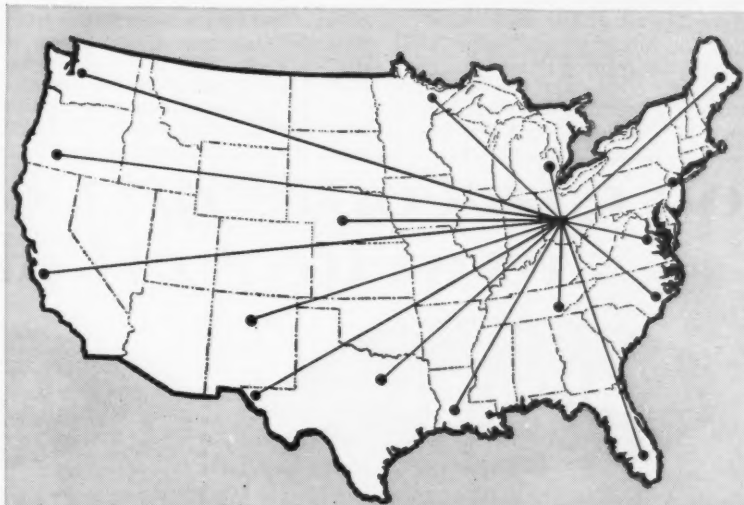
"If you and your companies really want to solve the problem, and if you want to make some radical changes, you can do something about it." The agents' future is right under their noses, he told them—that is, with the advent of the direct writers, they at first didn't know what hit them. Now they do and they can go after the business.

Price Must Be Right

"Your price has to be right, however," said Mr. Miller. Service calls are well and good, "but you haven't got time to hold the hand of every customer." From the companies, look for an optional program of direct billing and a new type of homeowners package with deductible features designed to save up to 15%, he said.

On the less optimistic side, the speaker warned the agents to look for more commission cuts. Also, he knows of one old line agency company that is setting up a captive agent system and could predict at least two other companies who are considering the same thing.

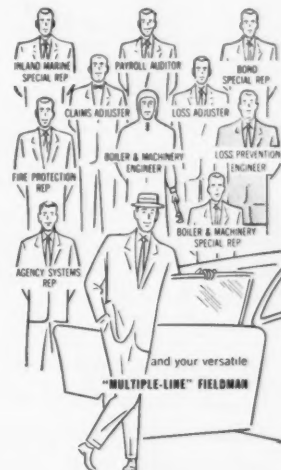
Nevertheless, if the companies and agencies will combine forces to thresh out their problems, the future is not a bleak one for the agency system, Mr. Miller declared.



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(CONTINUED FROM PAGE 2)

partment is working hand-in-glove with the marketing department, headed by Harry L. Ebe, vice-president, and the underwriting department, of which Vice-president Eugene V. Bradley was recently made head.

For the present, four commercial packages are ready for use. These are for the four classes that have been attracting considerable attention among companies with ideas like Lumbermens

—motels, laundry and dry cleaning establishments, retailers, and apartment house owners. In general, these combine broad physical damage on buildings and contents, business interruption, general liability and, except for the apartment owners package, crime insurance. Rating is to be handled by Mr. Nail's new department, but it has been revealed that all elements of coverage will be subject to a 25% package discount. Inspection and a sturdy in-

sistence upon correction of defects and good housekeeping will be fundamental. Commissions are below those previously paid for the various classes involved.

Gives Company's Reasons

C. E. Nail Jr. mentioned some of the company's reasons for selecting these four packages. The classes, he said, are "not subject to easy penetration by amateurs," a defect, according to him,

of the personal lines market. They have generally been profitable classes for Lumbermens and other companies. They produce premiums large enough to sustain the service necessary to hold and build the account. On service for such classes, both company and agent can build a reputation as specialists. "In essence," Mr. Nail said, "they are not easy prey for the mass market, no-service form of distribution which is the hallmark of the direct-writing personal lines company." Further, according to Mr. Nail, these particular classes will not attract direct writers that specialize in larger business risks, their average premium being too low.

Mr. Nail summarized Lumbermens' belief in "a great middleground above the personal but below the jumbo lines." This area, he said, can be used to "stage a counter-offensive."

Team Stands To Win

It was emphasized in several ways that the company-agent team stands to win in this move and that each depends on the other.

Despite lower commission percentages, Lumbermens believes the new packages will bolster agency income. The competitive advantages—in coverage and price—should provide agents with a commanding lead in this field, the company believes. And, since other insurance is to be prohibited in the package set-up, it is felt agents will be in a better position to control entire accounts. Among the advantages cited by Mr. Nail is the allaying of the bugaboo of "reciprocity," the merchant who buys a little of this and little of that from six or seven different agents who happen to be customers. Mr. Nail feels the attractiveness of Lumbermens' packages will overcome this tendency.

One of the chief objectives of the new program, Mr. Nail said, is to provide agents with a source of additional income "to offset the drain caused by competition and reduction of commission income in the personal lines."

Though independence is one of the characteristics of the Lumbermens' new commercial multiple peril endeavors, the company has not withdrawn from any bureaus or company associations.

Underwriting rules were presented from a posture of firmness. No policy will be issued unless an inspection has been made by an authorized inspector. No quotations from any source but the home office. All policies will be prepared by the home office. There will be no appeal from the underwriter in charge. No consideration will be given to supporting business or the volume of the agency. Underwriting and engineering recommendations will be enforced more closely than for other lines. There will be no exceptions to minimum standards.

Includes Some Additions

The broad named perils protection of the four present packages resembles that of homeowners form 2, with some additions. The perils are those of the fire policy with extended coverage, plus smoke damage, falling objects, vandalism, collapse of buildings or parts, physical injury from the weight of snow, ice or sleet, glass breakage, water damage, landslide, artificial electrical damage to electrical appliances, etc., theft, damage by thieves, limited boiler explosion and limited machinery breakage. Optionally, most of the packages can include as much as 10% of the contents coverage to apply to personal property lost or damaged during transportation by vehicle—the perils being collision, overturning or upset of the vehicle. In addition—automatically and independently of the transporta-

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tion cover—there is an extension of 10% of the contents amount on property temporarily elsewhere within the state, the extension not applying to theft, or the limited boiler and machinery features. Building coverage is on a replacement cost basis, the language of the extension being virtually identical with that of the homeowners forms.

There is a trees, shrubs and lawns extension, limited to \$1,000 total—\$250 on any one. And expenses necessarily incurred in the reproduction of valuable papers and records are covered up to \$500 over the recovery under the contents item.

A mandatory \$50 deductible applies to all perils except those of fire, lightning and EC.

The business interruption coverage resembles the standard earnings or "no-coinsurance" form. However, it is not subject to a monthly limitation, as the standard earnings form is, and the definition of "earnings" applies to "net profit plus payroll expense, taxes, interest, rents and all other operating expenses earned by the business." The earnings coverage is not optional—it is a required part of the package.

The general liability protection of the laundry-dry cleaners and apart-

ment house owners packages is similar to that of the comprehensive general liability policy, without a comprehensive charge. Liability insurance under the retailers package corresponds with that of the storekeepers liability policy. The motel contract is considerably broader—providing coverage on an occurrence basis as to both bodily injury and property damage liability and including "personal injury" liability. The last mentioned is defined in the policy as "false arrest, malicious prosecution, wilful detention, imprisonment, libel, slander or defamation of

character." Also, in the motel policy only, the water damage exclusion of standard general liability provisions is omitted.

Required Feature

Money and securities broad form coverage is a required feature of all except the apartment package.

The laundry and dry cleaners package includes customers goods protection on a broad basis.

Having devoted a year of hard study to its new commercial package policies, Lumbermens has put together an

assortment of material which will require considerable study on the part of its agents and field men. However, the competitive advantages of these contracts appear to this observer to justify plenty of extra work.

Mr. Nail and Robert S. McClelland, the company's advertising and public relations manager, have prepared colorful promotion pieces. Policies themselves are handsomely bound, a step suggested by many agents on numerous occasions. Also introduced at the Mansfield meeting was Lumbermens' new premium budget service.

Employers Re Premiums Rise

Net premiums written in the first nine months by Employers Reinsurance were \$26,482,754, up from \$25,324,175 a year ago. While some lines showed decreases, there were gains of \$600,000 in fire, \$300,000 in automobile casualty and \$350,000 in A&S.

A gain in net investment income more than offset the decrease reported in underwriting results. Investment income was \$1,759,107, against \$1,478,302. The underwriting gain of \$1,594,428 compared with \$1,799,865, with surety the big villain.

Net earnings after taxes were \$2,472,819, equal to \$3.63 a share on the outstanding 700,000 shares, compared with \$2,251,971, or \$3.22 a share a year ago, adjusted to the present capitalization. The company this year sold 100,000 shares of stock. Surplus rose \$4,224,273, including \$3,815,787 added as result of the sale of the stocks.

East Iowa CPCUs Elect

William L. Gallogly, Dubuque agent, has been elected president of Eastern Iowa chapter of Society of CPCU. Richard H. Durham, Iowa National Mutual, is vice-president, and Howard Sohn, United F&C., is secretary-treasurer.

Wilson Gets Superior

Superior of Dallas has appointed the J. M. Wilson Corp. of Kalamazoo, managing general agents in Michigan.

Addresses Maryland Health Assn.

Leonard Rosenberg, president of Chesapeake Life, addressed the October meeting of Maryland Assn. of Health Underwriters at Baltimore. In his talk, "Tell Me a Story," he related a number of stories he has accumulated to sell the need for health insurance.

Trinity Universal Names Edwards

Trinity Universal has appointed Melvin B. Edwards claims manager at Lubbock, Tex. He has been with the company since 1955, in San Antonio and Amarillo.

Royal Globe group has transferred W. H. Pratt from Boise to Seattle as state agent.

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Underwriter's Function Should Be Stressed In Rapidly Changing Era

By JOHN N. COSGROVE

So little is heard nowadays about the underwriter that he begins to seem like Cinderella—home doing the thankless chores while other members of the insurance family are in the lime-

light. Of late, the newly hatched marketing men of the companies have preempted attention. However, Cinderella finally came into her own and so must the underwriter—or the insurance story is due for a continuing

series of sad chapters.

It is the underwriter who makes insurance a distinctive business. Practically every other person in it could ply his particular executive, technical, sales or clerical specialty in another

field of endeavor. But the underwriter can only operate in the insurance business, and insurance cannot operate without him. It would seem then that the least the business can do is to recognize his importance, survey his present status and project his future role.

Many publicized changes have taken place in insurer marketing. Yet, while the underwriter is a key figure in marketing because he is the one person solely preoccupied with making a profit in the primary business of insurance, little note has been taken of his changing role in insurer operations. It should be obvious that every highly advertised change in insurer affairs—new selling methods, new forms, and particularly new packages—have an ultimate impact on the underwriter and how he does his job. This seems to have been recognized only to the extent that commentators in recent years have referred with increasing glibness to the "multiple line underwriter"—the new expert who presumably passes judgment on the new packages of personal and commercial coverage and either accepts or rejects them in toto for his company.

Multiple Line Defined

"Multiple line underwriter" is an imposing title, but the person qualified to hold it is hard to locate. Perhaps an analysis of the term will clear up some of the mystery surrounding the largely non-existent individual who is supposedly able to deal with multiple coverage packages in their entirety.

The best place to start is with a definition of terms. Multiple line simply means more than one line. Therefore, the lowliest examiner who has for many years been passing judgment on fire and extended coverage risks has been and is a multiple line operator. Obviously this rather limited fire and EC performer is not what the commentators mean by a multiple line underwriter.

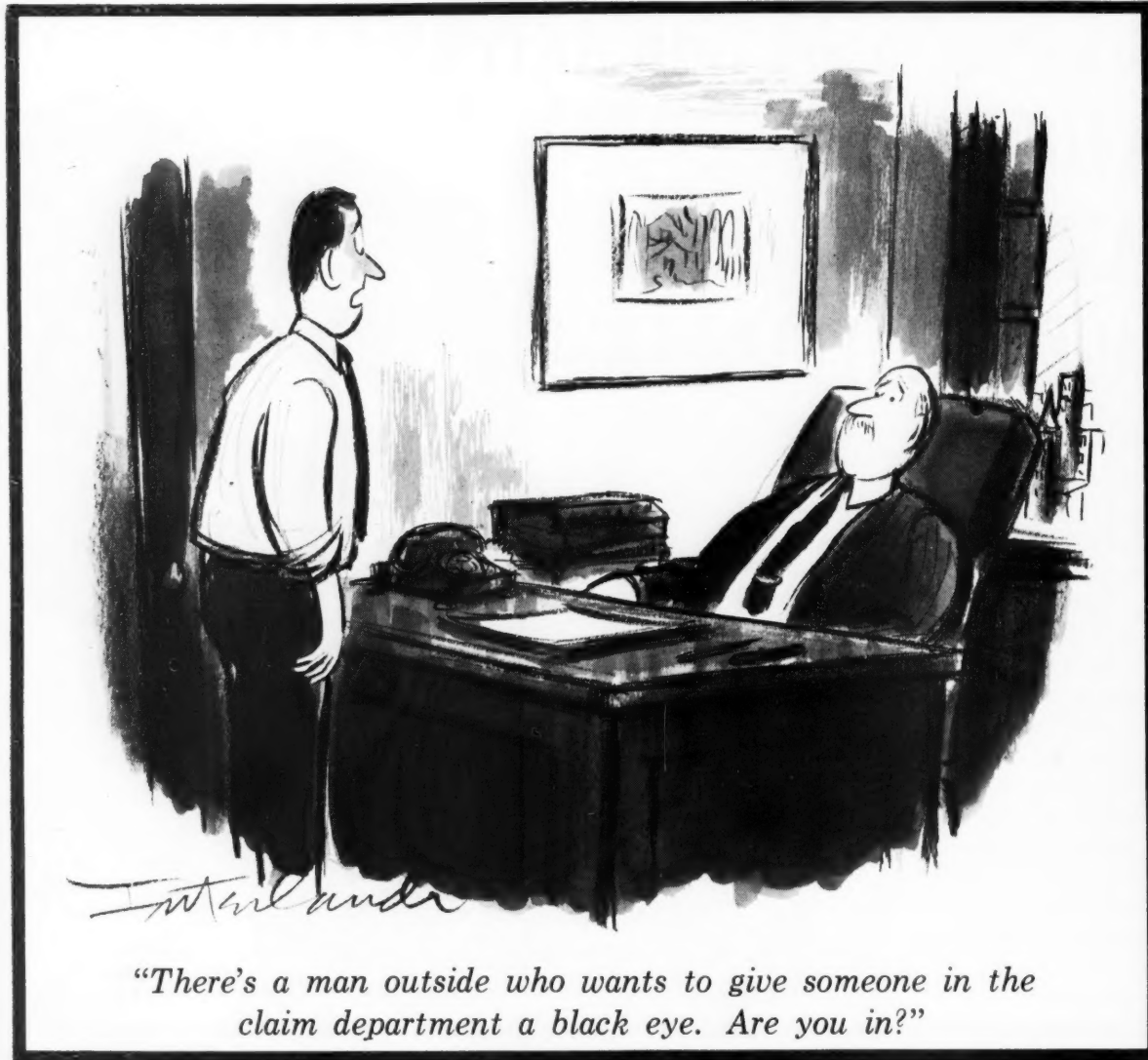
Their use of the term—intentionally or not—conveys the impression that there is a great body of individuals who can pass final judgment on a risk from every aspect of coverage presently available in a package or submitted as separate lines. There are a few such individuals, but they happen to be home office or branch executives who make their over-all decisions after the risk has been scrutinized by specialists in the component lines.

This is not meant to disparage the role of these executives, but to pinpoint exactly what they appear to be doing and to establish that in the routine underwriting area the commercial packages seem to be passing through several expert hands on the way to the top man.

Function Or Individual

It would appear that in many quarters, a function—multiple line underwriting—has been confused with an individual supposedly doing it all by himself. It is important to make a clear distinction, for this confusion in terms

(CONTINUED ON PAGE 42)



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To Protect Insured's Customers, Court Holds Insurer Must Pay

LITTLE ROCK—Federal district court here last week held Aetna Fire liable, under a furrier's policy, for some 1,000 claims totalling about \$100,000 resulting from a fire in July, 1959, in a fur storage vault of Eisenberg's furrier establishment.

Aetna denied liability on the grounds that, under the reporting provisions of its policy, insured had made false monthly reports of value. According to an audit, insured had \$210,240 worth of furs on hand at the end of June, 1958, but had reported only \$115,750 to the company.

Federal Judge Young conceded that Eisenberg was at fault for under-reporting his values and that if the customers were not involved "I would have no hesitation in holding that Aetna was entitled to have the policy declared void."

"Aetna knows that Eisenberg was widely advertising the insurance coverage he had as a means of promoting his business and knew that customers would rely in some degree on his representations," Judge Young said. He pointed out that the company had the right to inspect the storage records but had exercised its right to do so only twice in the 24-year history of the policy. "The individual customer was in no position to know whether Eisenberg's reports to Aetna were accurate, nor had the right to inspect the records in order to know," he continued.

"Although Eisenberg may have been the agent for the customers in securing insurance," Judge Young said, "it is apparent that Eisenberg and Aetna were engaged in a commercial venture for the profit of each, which Eisenberg widely advertised with the knowledge and consent of Aetna." Therefore, Aetna could not use its defense of false monthly reports against innocent customers, and the latter were entitled to recover losses up to the policy limit of \$200,000, the amount of each loss subject to negotiation between parties, the opinion continued. The court further ruled that the insured must pay Aetna the balance owed in insurance premiums on the unreported furs.

Six-Week Course Concluded By America Fore Loyalty

Certificates of merit, marking the successful completion of an intensive six-week course at the America Fore Loyalty school of insurance, were awarded to 23 graduates at exercises held at the Drug & Chemical Club, New York. A dinner followed.

Presentation of certificates was made by N. H. Wentworth, executive vice-president of Loyalty companies.

The graduates, from 15 states and Canada, completed 210 training hours which covered all phases of property and casualty insurance, including boiler and machinery and bonding coverages. The course included lectures, classroom discussions, and forums directed by the managers of various boards, bureaus and associations. Also included were field trips, question and answer sessions, tests and interviews with America Fore Loyalty executives, department heads and technical specialists.

Baller In Wash. Field

Don A. Baller has joined Pacific of New York as field representative in Washington. He replaces Frank Gangler, who has joined a Seattle agency.

Applicant Must Sign Air Accident Policy, Mich. Court Holds

BAY CITY, MICH.—Requirement of a personal signature by an air travel insurance policy applicant was upheld in U.S. district court here last week. Judge Picard directed a verdict for Associated Aviation Underwriters and Fidelity & Casualty in an action brought by Dr. and Mrs. Hervey C. Merrill, Saginaw, to recover \$31,250 in insurance on the life of their son, Ray, 17. The youth was killed in a Capital Airlines crash at Tri-City airport near here April 6, 1958.

Dr. Merrill had signed his son's name to the application for coverage before the boy boarded the plane at Flint. The Merrills were beneficiaries. Judge Picard ruled there was no competent evidence that the father had been authorized by his son to apply for trip insurance. Dr. Merrill did not testify to conversation between himself and his son relating to the policy. Under Michigan law, an "heir" may not testify to matters equally within the knowledge of himself and the deceased.

Counsel for the insurers noted that the vending machines from which policies are obtained in airports all carry conspicuous warning that personal signatures of applicants are required. Plaintiffs' counsel indicated possibility that the verdict might be taken to the U.S. appellate court.

Policy Writing Automated By St. Lawrence Group

St. Lawrence group has tripled the daily output potential of its policy writing division by installing advanced automation equipment.

The new equipment is manufactured by the Addressograph-Multigraph Corp. and writes 225 policies per hour. The machine also eliminates the need for proofreading.

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Agents In Town Shunned By Insurers Due To Losses And Claims Fight For Cleanup

(In Lakewood, N. J., long considered one of the three or four worst places in the U. S. to write almost any kind of insurance business, the agents began to take steps to correct the situation. They are beginning to get results—and they are continuing to push their program vigorously. As is often the case, by tackling poor underwriting conditions, the agents—Lake-

wood Insurance Assn.—have been able to accomplish an outstanding job of public relations. They have helped the public, their companies, and themselves. The following story was prepared by Sol Weinreb, publicity chairman of the Lakewood agents' group.)

Faced with the problem of increasing loss ratios and declining markets, the agents of Lakewood found them-

selves in a dilemma, which is becoming more and more common in more and more communities in the U. S.

Companies doing business in the Lakewood area made their underwriting so strict that a good percentage of the automobile business had to be placed through the assigned risk plan, when available, or through excess companies with the resultant inconvenience and expense to the public and loss of income to the agents.

Some of the business was being brokered through agents in nearby communities. But soon this source be-

gan to dry up when companies instructed these agents outside of Lakewood not to accept any Lakewood risks. New companies hesitated to enter the area, and the situation for the agents became acute. Was there a solution to this serious problem. The agents of Lakewood believe they have found it.

The first thing they did was to consult the insurance commissioner. Advised and encouraged by him and his assistants, they banded together, all nine of them—to appraise the situation. Committees were appointed to study phases of loss occurrence and loss causes. The list they compiled was formidable. The more obvious causes for high loss ratios were:

Broken sidewalks; poor conditions of buildings; poor housekeeping; low water pressure; too few stop signs and signal lights; failure on the part of drivers to observe motor vehicle regulations; exaggeration of claims by lawyers; exaggeration of medical bills by doctors; the general cupidity of people who try to milk the insurance companies; accident prone people and claim repeaters; delays in the adjustment of claims, etc., etc.

Agents Go To Work

With this list compiled, the Lakewood agents rolled up their sleeves and began to work in earnest to clean up the mess. They met with the governing body of Lakewood and with its various officials, such as the police chief, fire chief, health officer, etc. All these, when they were made aware of the seriousness of the problem, not only promised, but actually gave their utmost cooperation.

On insistence of the township committee, block after block of sidewalk in the business districts were either repaired or replaced. The police placed hundreds of stop signs and several signal lights at strategic crossings, and began enforcing the motor vehicle laws in earnest. New wells were dug and new pumping stations established to increase the supply and pressure of water in the hydrants. A full time fire inspector—most unusual for a small

(CONTINUED ON PAGE 41)

Seek To Get Impartial

Medical Testimony In Fla.

A system of impartial medical testimony in personal injury suits in Miami is being advocated by Dade County Medical Assn. Dr. Franklin P. Evans, association president, said the group had unanimously approved the principle and would immediately start studies to implement a plan, centering around establishment of an impartial panel of medical experts on call to Dade County jurists.

The association's action was lauded by Hugh Lalor, co-chairman of the Citizens Committee on Casualty Insurance. He urged the bar association and the judges to accept the plan.

Action by the medical association culminates more than two years of investigation by the group following a 1958 series of Miami newspaper stories depicting alleged court abuses, fraud and spiralling insurance rates.

The medical group has studied similar panels functioning in a number of other metropolitan areas, including New York City and Cleveland. A resolution adopted by the association pointed out that in other cities funds have been made available through grants and philanthropic organizations to pay the medical experts. It was also noted that those cities have a larger physician population from which to draw.



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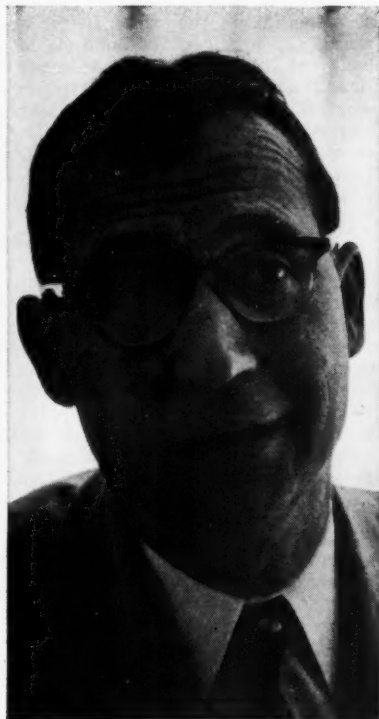
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CG: Over the long haul, just as you do. We start with a free analysis of your clients' Life policies...even uninsurables!

YOU: Now that does impress me!

CG: To show you how valuable this service will be to your clients, we'll start by doing an analysis on your own policies!

YOU: When do we start?

CG: Right now...by calling the nearest CG office. Give our Life Department a chance to prove how easy and profitable selling Life can be. Go ahead. Call them up!

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Wis. Fire Prevention Assn. Merges Into Wis. Field Club

Wisconsin Fire Prevention Assn. has merged into Wisconsin Capital Stock Insurance Assn. The vote was unanimous with 65 members attending.

Joseph Rezner, America Fore Loyalty, secretary of the fire prevention association, will become chairman of the fire prevention committee of Wisconsin Capital Stock Insurance Assn.

A report on the midwest field conference of Insurance Information Institute was given by Donald Roberts, U.S.F.&G., field club president.

Self-Insurers Prepare Annual Meet Program

Self-Insurers Assn. will hold its annual meeting and dinner Dec. 8 at New York. The opening session will hear reports of officers and committees. Officers and the board of managers will be elected.

At the opening session, Paul D. Williams, Buffalo attorney, will review decisions under the New York workmen's compensation law. Dr. W. Brandon Macomber of Albany will discuss plastic surgery and its relationship to trauma and post-traumatic complications.

In the afternoon session Dr. Richard C. Bates of Lansing, Mich., will talk on "How To Have A Heart Attack." Dr. Leon Brody of New York University will speak on "Getting People to Work Safely." Sol Messias, director of claims of New York State Workmen's Compensation Board, will deal with claims and procedures for self-insured plans under the New York disability benefits law. The meeting will close with a brief talk by Solomon S. Senior, chairman of the workmen's compensation board.

Boston Names Hindorff In Ia., Perrett In Louisiana

Boston group has appointed Marvin E. Hindorff state agent in Des Moines. He will serve agents in Iowa from offices at 406 Securities Building, under direction of James E. Sellers, regional manager at Minneapolis.

Marvin Perrett has been named special agent at New Orleans, under Ralston K. Cole, branch manager. Mr. Perrett has had extensive claims and field experience in the territory and most recently was with the Godchaux & Mayer general agency there.

Big Luncheon Nov. 30

Insurance Federation of New York will hold its annual luncheon Nov. 30 at the Waldorf Astoria Hotel, New York. Joseph F. Carlino, speaker of the New York legislature, will be the speaker. More than 1,500 are expected to attend.

New Handbook Of Illinois Published

A new Underwriters Handbook of Illinois has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Illinois handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.



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Merit Rating Very Competitive, Mutuals Learn; More Adopt It

NEW YORK—Mutual insurers are still dubious that experience will improve much under automobile merit rating plans (and/or package policies to go with them) but are satisfied that such plans are the way to meet competition.

This was brought out at a panel discussion of merit rating, the package

program, and assigned risk plans during the mutual insurance technical conference here. Sponsors of the conference were Federation of Mutual Insurance Companies, Mutual Insurance Rating Bureau, Mutual Insurance Advisory Assn., and Transportation Insurance Rating Bureau.

During the discussion period, the

representative of one insurer, when asked why his company adopted merit rating, replied that it did so "because in the first month after the merit rating plan of National Bureau and National Automobile Underwriters Assn. went into effect in Connecticut, my company lost 5% of its automobile insurance premiums, and in the second month, we lost 63% of the premiums we had left." He said his company, with merit rating, now is just about "holding its own." He expressed doubt that though the plan gives up to 15% credits, the experience will improve

enough to earn 15%.

The Mutual Bureau has filed 36 merit rating plans for insurers using the bureau and 14 package policy programs, N. S. Cornell, assistant secretary, reported. He predicted that more such plans are on the way.

Henry C. Allen, vice-president Hardware Mutuals of Wisconsin, acted as moderator of the panel, in the absence, due to illness, of John A. Mahoney of Interboro Mutual Indemnity. In addition to Mr. Cornell, participants were R. D. McClure, assistant secretary American Mutual Liability; J. A. Burgoyne, assistant vice-president Liberty Mutual, and Eldon W. Day, resident secretary at New York of Lumbermens Mutual Casualty.

Mr. Burgoyne said that the idea with which underwriters started in their development of a package auto policy was to produce one that would effect some economies. This would be done by such things as elimination of duplicate payments; e. g., medical payments and liability. However, the program has failed to attain all of the economies that were hoped for it, largely as the result of competitive pressures.

Aimed At Mass Market

The package was deliberately designed for the mass market and not for the unusual risk. It was carefully fitted to the needs of a very large portion of the mass market. Underwriters hoped to reduce the outgo to an absolute minimum without leaving insured minus any necessary protection. It was hoped to improve the spread and perhaps reduce losses by mandatorily including all the liability coverages. On PHD it was anticipated that results would improve as the percentage of insured with such coverages increased.

The short term, three or six months, was adopted. However, he noted that the policy is "open end" rather than "continuous," though the latter term has tended to stick to it.

Mr. Cornell emphasized the variation in the plans adopted by mutual companies using his bureau. More than 80 merit rated policies are the family and not the package contract. One insurer has adopted National Bureau's plan in toto. Another company gives a credit of 1% a year, for an unlimited number of years, for each year without a chargeable accident. Some companies give no credits where there are class 2 drivers. Surcharges vary widely.

Large independents have come out with safe driver plans, Mr. Cornell observed. Allstate uses a one step reduction in premium for credit and two steps up in premium for surcharges.

The pressure for merit rating is strong, he added. The public wants it; it sounds good to the motorist. Mr. Cornell believes the public will insist that it stay. The companies find that with it they can compete for the cream business. Theoretically, the surcharges will act as automatic underwriting devices and this will produce some "portfolio purification." Under-

(CONTINUED ON PAGE 38)



Service, Strength, and Security are three of the foundation blocks on which the Combined Group of Companies have been built.

Another important block in this structure is *Integrity*. All the desirable things this word implies are in every facet of our business—with agents, our policyholders, with everyone.

General Agents who represent us have Combined Agency Contracts. Yet, quite a few began their Combined careers on the strength

of a handshake.

Many new success stories will be written into Combined's history this year. Men who have sold accident and health with ordinary results will move up to extraordinary success with Combined.

Now would be a good time for you to look into the advantages you can enjoy today and far into the future, representing one of the growing, prospering companies in the Combined Group.

COMBINED GROUP OF COMPANIES

W. CLEMENT STONE, PRESIDENT

Combined Insurance Company of America, Chicago;
Combined American Insurance Company, Dallas
Hearthstone Insurance Company of Massachusetts, Boston
First National Casualty Company, Wisconsin

Commercial Standard In Three Texas Changes

Commercial Standard has named William E. Humphreys Jr., formerly special agent at Dallas, special agent at San Antonio; promoted Joseph R. Tucker, underwriter at Dallas, to special agent there, and assigned A. L. Reynolds to Amarillo as special agent, replacing Howard D. Reynolds Jr., resigned.

BELIEVE ME... You Need All THREE

Mr. Agency Builder:

You should be making *all* those commission dollars that go with selling *complete* coverage to your clients:

1. Life—Par and Non-Par
2. A & S and Hospitalization
3. Group Life and Group A & S

AND, BELIEVE ME, YOU NEED ALL THREE A & S COVERAGES:

1. Non-Cancellable
2. Guaranteed Renewable
3. Renewable-at-option-of-Company

AND THEN ADD THESE THREE . . .

- 1) Top-Commission Agent's Contract;
- 2) Well-balanced General Agent's Contract providing liberal overwriting, liberal expense allowance, and higher life-time compensation in service fees;
- 3) New Induction Program—completely flexible for new agents, established producers, and brokers alike;

... and in our book that totals up to a client-pleasing, money-making, Agency Building opportunity for you—right now—with . . .

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Insurance Company
COLUMBUS 15, OHIO

GENERAL AGENT OPPORTUNITIES

Write, Wire, Phone
FREDERICK E. JONES, President
HOWARD W. KRAFT, Vice President
and Director of Agencies

Mutual's Accounting, Methods And Personnel Sections To Convene

Accounting and statistical and office methods and personnel sections of Conference of Mutual Casualty Companies will hold their annual meeting Dec. 1-2 at Chicago.

William N. Plymat, Preferred Risk Mutual, will discuss "Management Philosophy in Developing Esprit De Corps" at the initial joint meeting of the two sections.

Disbursement procedures and reports will be covered by William Eschleman and William Trego of State Automobile Mutual, at the accounting and statistical section. Other speakers and their subjects will be Amory O. Moore, Farmers Mutual Auto, "What the Claim Department Expects from Accounting and Statistical;" T. G. Voutes, Farrington Manufacturing Co., "The Concept and Applications of Farrington Optical Scanning."

Also C. E. Gross, Allied Mutual, "Quality Control;" Warren L. Carlson, Heber-Fuber-Wendin, "Credit Analysis of Bonds and Investment Planning for Insurance Companies;" and Arnold M. Krueger, Frankenmuth Mutual, Investment Committee Information." RAMAC systems will be reviewed by E. David Price and Ralph L. Barnhart of Indiana Farmers Mutual.

The office methods and personnel program will include A. M. Weinrich, Lumbermen's Mutual Casualty, "Clerical Work Measurements;" T. A. Duckworth, Employers Mutual Liability, "Handling Office Complaints;" and George Knorr Jr., Harleysville Mutuals, and Robert Tobias, Michigan Farm Bureau Mutual, on "Effective Supervision."

A panel will discuss the relationship to the insurance field of attractive physical appearance and personality, education and public speaking ability, and accuracy with details and sound judgment. Participating in this will be Jess B. Wilson, Federal Mutual; Merrill Hatcher, Town Mutual Dwelling; and J. R. Keltner, Motorists Mutual.

Another panel will cover employee retirement. Speakers and their topics will be Donald Smith, Meridian Mutual, "Information That Should Be Given the Employee Who Is About To Retire and When It Should Be Given;" Milton Showers, Rural Mutual, "Current Trends in Pension Plans;" and Harry S. Hicks, Kansas Farm Bureau Mutual, "Appropriate Company Gift at Leaving and the Company's Responsibility to the Retired Employee after He Leaves."

Prof. Joe Park, Northwestern University, will describe "How Educational Institutions Can Assist with the Continuing Education of Your Supervisors."

At the final joint session, Wilbert E. Scheer, Blue Cross-Blue Shield, will talk on "Who Does the Personnel Work in Your Office."

Cleveland A&S Assn. Hears W. H. Peterson

Cleveland Assn. of A&H Underwriters heard W. Harold Peterson, executive vice-president Underwriters National Assurance of Indianapolis, discuss "An Open Letter to My Wife" at the October meeting.

The association has voted to meet every other month this year, making the next meeting in December.

Allan H. Williams has been named Raleigh manager for Northwestern Mutual Insurance.



SALUTE TO MR. MUTUAL:

He's your NAMIA Agent—a good neighbor to thousands of dwelling, automobile, and business property owners in communities of every size throughout the United States.

You'll know him by the "mounted warrior" emblem he displays—the sign of time-tested Mutual insurance backed by local agency service. As well, by the special competence he brings to his job as an insurance adviser.

See your local NAMIA Agent. He's well qualified to serve you; can show you how "Mutual Agents Offer More" in the way of security, personal service, and insurance savings.

Published as a tribute to the 8400 NAMIA Agents nation-wide—members of the National Association of Mutual Insurance Agents—by:

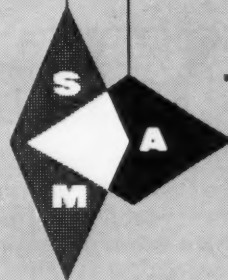
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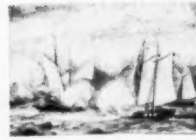
1810: Hartford Fire Insurance Company founded.



1811: First steamboat to sail down Mississippi.



1812: War with England.



1813: Oliver Perry victorious on Lake Erie.



1814: Francis Scott Key writes "Star Spangled Banner."



1815: Battle of New Orleans.



1816: First printing press invented in America.



1826: Cooper's "Last of the Mohicans" most popular book.



1827: Publication of Audubon's "Birds of America" begins.



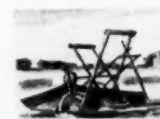
1828: Webster's dictionary first published.



1829: America's first typewriter patented.



1830: First locomotive to pull a passenger train.



1831: Cyrus McCormick invents the reaper.



1832: First Democratic National Convention.



1833: First coed college—at Oberlin.



1842: First use of anesthetic in America.



1843: First minstrel show in America.



1844: Samuel Morse sends first telegraph message.



1845: Annexation of Texas by the U. S.



1846: Mexican War begins.



1847: Post Office issues first U. S. postage stamps.



1848: Gold discovered in California.



1849: Invention of the safety pin.



1850: California admitted to U. S.



1860: Pony Express begins.



1861: Burial of Hartford policyholders' records. Proofs of loss from Charleston fire were buried by Hartford Agent to keep them safe during war. Sent to the Hartford after war, claims were paid in full.



1862: Battle between Monitor and Merrimac.



1863: The Emancipation Proclamation.



1864: "In God We Trust" authorized on currency.



1865: Lincoln assassinated.



1866: First steam automobile in America invented.



1867: Alaska bought by the United States.



1876: Custer's last stand.



1877: First annual dog show.



1878: America's first bicycle manufactured.



1879: Edison invents the light bulb.



1880: Sarah Bernhardt makes American debut.



1881: American Red Cross founded.



1882: Sullivan becomes heavyweight champion.



1883: Buffalo Bill's first wild west show.



1884: Mark Twain writes "Huckleberry Finn."



1893: First 18-hole golf course in U. S.



1894: Coxe's army marches on Washington.



1895: America's first newspaper cartoon in color.



1896: Bryan's "Cross of Gold" speech.



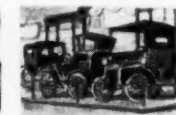
1897: Sousa writes "Stars and Stripes Forever."



1898: Spanish-American War.



1899: Admiral Dewey returns from Manila.



1900: First national auto show.



1901: Texas oil boom begins.



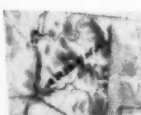
1909: Peary discovers the North Pole.



1910: Boy Scouts of America founded.



1911: First transcontinental flight.



1912: Arizona becomes the forty-eighth state.



1913: The Hartford offers auto insurance. To meet a great new need, the Hartford in 1913 established a new company to write insurance for automobiles, and began expansion to meet virtually all insurance needs.



1914: Panama Canal opened.



1915: Sinking of the Lusitania.



1916: Pancho Villa raids New Mexico.



1917: U. S. enters World War I.



1927: Lindbergh makes first solo flight across Atlantic.



1928: First scheduled television program.



1929: Stock market crashes.



1930: Sinclair Lewis wins Nobel Literature Prize.



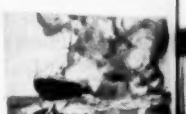
1931: Empire State Building dedicated.



1932: First woman is elected to U. S. Senate.



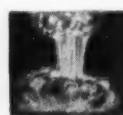
1933: "Good Neighbor" Policy.



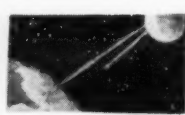
1934: Morro Castle burns off coast of New Jersey.



1944: Franklin D. Roosevelt elected for a fourth term.



1945: Birth of the Atomic Age.



1946: U. S. Signal Corps bounces radar beam off moon.



1947: First man to fly faster than the speed of sound.



1948: World's largest telescope in operation at Mt. Palomar.



1949: G.A.R. holds its final meeting.



1950: Korean War begins.



1951: First transcontinental television.

150 YEARS WITH

In 1810—just 34 years after this country was born—the Hartford Fire Insurance Company was founded. Since then, the history of the Hartford and of America have been closely intertwined.

During the past 150 years, the Hartford has grown to meet the needs of a growing nation. From fire insurance in 1810, the Hartford has

broadened its range of policies to cover the home, car, family, and business, and in 1960 added life insurance to the Hartford line. From one agent in 1810, the Hartford has built a network of 34,000 agents today, serving policyholders in every part of the country. Now, in 1960, the Hartford marks 150 years with America.

HARTFORD FIRE INSURANCE COMPANY • HARTFORD ACCIDENT AND INDEMNITY COMPANY • HARTFORD LIFE INSURANCE COMPANY • HARTFORD LIVE STOCK INSURANCE COMPANY

Hartford Agents past and present have eye-witnessed the November 28th issue of **LIFE** for a fascinating, full

										
ing press America.	1817: Seminole War in Florida.	1818: Tin can introduced.	1819: First steamboat built in America to cross Atlantic.	1820: Palmer dis- covers Antarctica.	1821: Opening of the Santa Fe Trail.	1822: First free public library.	1823: Monroe Doctrine declared.	1824: Gateway through Rockies discovered at South Pass, Wyo.	1825: Erie Canal opened.	
										
first coed —at Oberlin.	1834: Currier, of Currier & Ives, starts in business.	1835: Eliphalet Terry's sleigh ride. When news of the burning of New York City on December 26 was received at the Hartford, President Terry drove to New York by sleigh to personally assure policy- holders that claims would be paid in full, establishing new faith in fire insurance.	1836: Battle of the Alamo.	1837: Panic of 1837 takes place.	1838: Regular steamboat service across Atlantic.	1839: First baseball diamond laid out.	1840: Dana writes "Two Years Before the Mast."	1841: First wagon train arrives in California.		
										
California to U. S.	1851: Stephen Foster's "Old Folks at Home."	1852: First Hart- ford Departmen- tal Office. First of nine such offices to be established, the Western Depart- ment brought "home office" service to America's growing West.	1853: Gadsden Purchase.	1854: Perry opens up Japan to world trade.	1855: Bessemer patents steel-making process.	1856: First Republican National Convention.	1857: Dred Scott Decision.	1858: Lincoln-Douglas debates.	1859: Home of Robert E. Lee insured with the Hartford.	
										
aska bought United States.	1868: Louisa May Alcott writes "Little Women."	1869: Transcontinental railroad completed.	1870: World's first board- walk at Atlantic City.	1871: Chi- cago Fire. The Hartford enhances its reputation for reliability by pay- ing nearly two million dollars in claims, promptly and without litigation.	1872: Westinghouse invents air brake.	1873: Jesse James perpetrates world's first train robbery.	1874: America's first zoo opens in Philadelphia.	1875: First Kentucky Derby.		
										
in writes nn."	1885: Washington Monument dedicated.	1886: Statue of Liberty erected.	1887: Edison patents kinetoscope.	1888: Famous blizzard in New York City.	1889: Oklahoma land rush begins.	1890: Yosemite Park established.	1891: Last performance of "Hamlet" by Edwin Booth.	1892: First official basketball game.		
										
Texas oil begins.	1902: Oliver Wendell Holmes appointed to Supreme Court.	1903: First successful flight by Wright brothers.	1904: New York City subway opens.	1905: Teddy Roosevelt begins second term.	1906: San Francisco earth- quake. Hartford policy- holders receive \$11,557,365 for fire loss, nearly all of it within sixty days of the fire.	1907: First Ziegfeld Follies performance.	1908: The Model "T" car introduced.			
										
U. S. enters War I.	1918: Armistice signed; World War I ends.	1919: Dempsey wins heavy- weight title from Willard.	1920: Women's suffrage established.	1921: Burial of Unknown Soldier in Arlington.	1922: First technicolor movie produced.	1923: First broadcast New York to London.	1924: Gershwin's "Rhapsody in Blue" first performed.	1925: Wyoming elects first woman governor in America.	1926: Gene Tunney defeats Dempsey.	
										
astle burns New Jersey.	1935: Amelia Earhart Putnam first woman to fly Pacific.	1936: Hoover Dam begins operation.	1937: Golden Gate Bridge opens.	1938: March of Dimes organized.	1939: New York World's Fair opens.	1940: First peacetime draft in U. S. history.	1941: Bombing of Pearl Harbor.	1942: Food rationing begins.	1943: Eisenhower heads SHAEF.	
										
ns- television.	1952: Waksman wins Nobel Prize for streptomycin.	1953: Eisenhower inaugurated.	1954: First atomic sub- Nautilus—is launched.	1955: Salk vaccine placed on market.	1956: First transatlan- tic telephone cable.	1957: World's longest suspension bridge—at Mackinac Straits.	1958: Nautilus goes to North Pole.	1959: Two new states —Hawaii and Alaska.	1960: 150th Anniversary of founding of the Hartford.	

AMERICA~

A FREE COPY of these historical milestones, suitable for framing, is available from your Hartford Agent. In most communities he is listed in the Yellow Pages under "Hartford Insurance." Or write Hartford Fire Insurance Company, Hartford 15, Connecticut.

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you'll do well
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Hartford

Some of the greatest events in American history. See
ful color account of the Hartford's 150 years with America.

Agents' Conventions Need Appeal For More Sophisticated Audience

More displays and less dispensation of hospitality, the use of advance registrations and permission of part time registrations for lower fees, and use of closed circuit television to get important personalities in the business on the program will be part of the agents' convention of the future.

This is the prediction of Rod L.

Geer, executive secretary of Mutual Agents Assn. of New York State, who discussed the handling of conventions, which have become an important activity of the business, at the annual convention in Washington of National Assn. of Mutual Insurance Agents.

The convention audience is changing, Mr. Geer said. Though the con-

vention must continue to create an atmosphere of fraternization, those who attend conventions are becoming more sophisticated. Fewer are looking exclusively for fun and frolic. What entertainment there is must be of top quality. And, he said, the success of conventions more and more depends on program features that attract the wives.

Mr. Geer, who is also executive secretary of the New Jersey and Connecticut associations, and whose meetings have been growing in attendance, pointed out that the annual meeting

is the occasion when the executive secretary puts the association and the product of 12 months' effort on display for the inspection of members.

Preparation Is The Key

Preparation is the key to a successful meeting, and the place to start this preparation is with a convention committee. It should be composed of the soundest and most aggressive members of the association.

Every detail needs attention no matter how minute it may seem. The location should be convenient, have good public space, good lighting, ventilation, a public address system, and a business as compared with a party atmosphere. Specification sheets should be submitted to the hotel with complete details, every item, with particular attention to menus.

If the secretary is pressed for time in the program and wants to get 10 minutes, he can get it from the menu. If the hotel serves chicken, it will take five to 10 minutes longer to serve and eat. Pie or cake takes three to seven minutes longer than ice cream. Attention to detail is the secret.

Advance registration systems are here to stay, Mr. Geer believes. They are convenient. They make it possible to print up readable badges in advance of the meetings. Eventually members will become conditioned to advance registration and the secretary and convention committee can more nearly predict their exact budget.

Part Time Attenders

Another convenience is part time registrations for any members who wish to attend the state convention. He objects to a single fee whether the member attends one hour, one day or three days. It should be made as convenient, practical and economical as possible for members to attend the meeting, and the registration fee should be closely related to the amount of time they spend there.

Start on time and run on time, Mr. Geer advised. This requires specific understanding with every speaker on the amount of time he is to take. Set the program and keep to the program. A member doesn't want to be guessing what he is to do next and where he is to go next.

Too often, the annual business meeting is treated too lightly, Mr. Geer believes. This is unfortunate. A little attention to detail can save it. The member attending the annual business meeting should have a mimeographed agenda to follow. All reports should be oral and short reports giving the highlights of the full printed report, a mimeographed copy of which should be available to each person attending the business meeting.

Financial Reports

This allows time for members to discuss association business.

Too many trade associations are afraid of the critics, he said. This is wrong. If the association can't stand criticism, it should put things in order so it can. Every member should be given a complete financial report when he attends the annual business meeting. An opportunity should be given to discuss it and to explain some of the items. This creates controversy, but is a healthy thing for the organization.

The association must have new ideas to attract the convention audience of the future. Telephone hook-ups can bring in live talks by distinguished members of the insurance fraternity over remote amplification. When closed circuit TV becomes economically feasible, the association ought to be the

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... for America's Distillery No. 1 is *Business Interruption insurance* ... custom-made by The Phoenix of Hartford. In Lynchburg, Tennessee, stands the oldest registered distillery in the country—Jack Daniel's, where famous "sippin' whiskey" is slowly and lovingly made. Jack Daniel's is not the biggest in its field ... only one of the best. Because its output is necessarily limited, business continuity is essential. That's why Jack Daniel's relies on modern profit protection: Business Interruption insurance, fitted to their needs by The Phoenix. If fire or disaster should strike, Jack Daniel's earnings are *guaranteed* during the shutdown.

Profit insurance—pioneered by the Phoenix—covers your net profits, expenses, payroll, and dividends, safeguards your surplus and your credit rating. Expensive? Not at all ... and premiums may be paid monthly. To find out how Phoenix "B. I." insurance can protect the future of your firm, large or small, call your Phoenix agent now.



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This national ad in Time magazine—one of a series that reaches 10 million top prospects in Time every month—can be your best Business Interruption sales developer. For the first time, it tells the Business-Interruption story to hundreds of businessmen in your community ... opens the door for you to close more sales. To get your full share of these new Phoenix leads, tie in with Phoenix Sales Aids now. Let the B.I. prospects know that you're the Independent Agent featured in the ads! Send for your B.I. Tie-in Kit today!

Phoenix of Hartford

INSURANCE COMPANIES
HARTFORD 15, CONNECTICUT

first to use it. The convention of the future must cease to be a vacation type tax dodge, he declared.

Mr. Geer believes there will be more exhibits by both companies and business equipment firms in the future. Companies and their exhibits will be more and more devoted to ideas that are helpful to members. He seriously questions the future of the hospitality suite. This feature is an excellent contribution to the social aspects of the conventions. But there will be less of it and more of other things.

Entertainment

Unusual entertainment is becoming a necessity, he said. The convention is going to have to meet the standards of the newer, more sophisticated audience—an audience conditioned to the finest entertainment via TV, theater, and personal appearances of important stars. The traditional low-budget convention three-act show may go the way of vaudeville. There appear to be two alternatives—a big name show which would normally cost \$5,000 to \$10,000 but which can be purchased from a nearby night club for as little as \$1,000 or \$2,000. This works in New York state and would work in any city with a sizable nightclub. The alternative with a more modest budget is a unique amateur show with a special motif so that the performance itself does not require professionals.

The convention of the future will require a "productive program" which respects the time of the member. It

must run on time and reflect good management. It should be fast in pace. It should be spontaneous, dramatic, businesslike, and more professional. It must be designed with the agent in mind. It cannot consist merely of a collection of speakers on unrelated subjects. The speakers and subjects need to be handpicked. The agent who attends the convention of the future will want down-to-earth discussion, hard facts, and cold figures.

Almost by default, he said, the trade association has inherited the role of providing the training and to a degree,

some of the leadership, in the business. The criteria are—does this speech, does this speaker show members how to make or save time or money in the business? Mr. Geer thinks there will be more business and less monkey business in the convention of the future. Many agents today want less social life at conventions.

The wives can make or break a state convention, he said. The convention wife is an important ingredient in its success. With her, the convention tends to be more orderly, more business like, and, increasingly, there is a direct

relation between the number of wives and the climate of the convention—but only if she is occupied. A program for the wives is essential.

The final element in the convention of the future is enjoyment, Mr. Geer said. Despite all of the foregoing Spartan suggestions a convention must be enjoyable. The atmosphere must be conducive to fellowship and congenial relationships, and if attenders aren't provided time to relax, they'll take it to the exclusion of the program. However, it is vital that to distinguish between relaxing and loafing, he warned.

Mont. Holds Insured May Receive Both WC, Relief Funds At Same Time

HELENA—The Montana supreme court has held that a disabled fireman and his surviving widow and children may receive payments from both a fire department relief association and the state workmen's compensation fund. This decision reverses and declares unconstitutional a portion of Montana law denying firemen and their survivors payment from both funds.

The decision said the obligation of a fire department relief association to make payments from its disability and pension fund is clearly contractual. "The individual fireman pays into the fund and is entitled to its benefits when he is in need of them. . . . It would be an anomaly to say that a person is not entitled to the benefit of a contract which he has entered into merely because the consideration which he receives is augmented from other sources.

"The contract arises when the fireman pays into the fund. From this time it is obligatory upon the association to pay him or his widow or orphan benefits in case of disability or death."

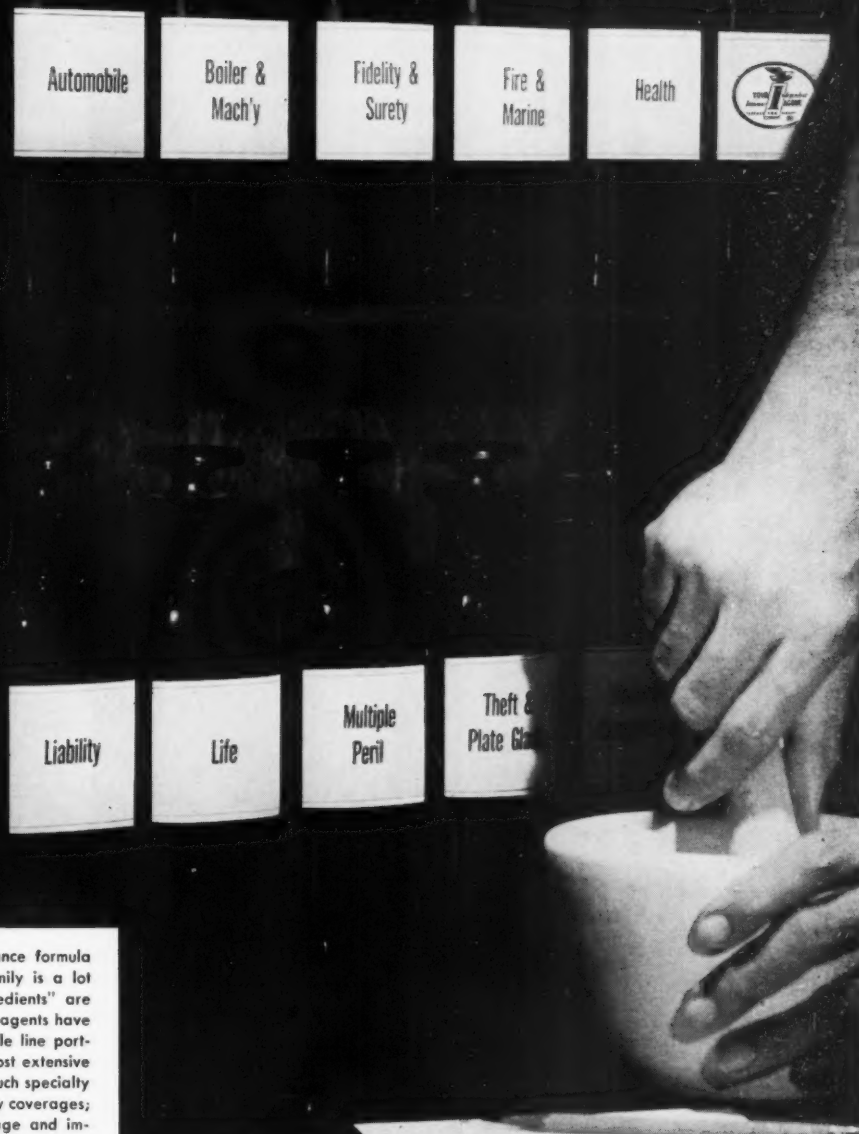
Lemmon To Address K. C. CPCU All-Industry Lunch

An attendance of 500 is expected at the annual all-industry luncheon and conferment Nov. 21 of Kansas City chapter of Society of CPCU. Vestal Lemmon, general manager of National Assn. of Independent Insurers, will give an address, "Competition—Friend or Foe?"

Cravens, Dargan Names Herrick

Cravens, Dargan & Co. has named Alvin Herrick fire manager and Alfred C. Hinds assistant fire manager at Seattle. Mr. Herrick has been in fire insurance 32 years, all with Scottish Union in San Francisco.

The Right Prescription



Devising the correct insurance formula for a business firm or family is a lot easier if all of the "ingredients" are handy. American Casualty agents have access to a genuine multiple line portfolio which is one of the most extensive in the industry. It includes such specialty lines as Professional Liability coverages; Health insurance for overage and impaired risks; competitive retrospective and composite rating plans for General Liability; Mortgage Protection plans for financial institutions. Plus, in 23 states, Group and Ordinary Life insurance.

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Home Office—Reading, Pennsylvania • Since 1902
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Highlights of AMA Chicago Meeting



Peter W. Freilich, Corroon & Reynolds; Frank Pocquette, Pacific of New York group; B. J. Staal, Holland Furnace Co.; A. B. Palmer, president Rollins Burdick Hunter Co., and G. W. Swanson, Fansteel Metallurgical Corp.

Ivan Scott, Fabst Brewing Co.; John Brogan and Sam Leland, Gore-Youngberg, Carlson, in the R. H. Gore headquarters.



In Continental Assurance suite are Roger Dewey (left), and John J. Beierle, (right), flanking J. T. Parrett, Carnation Co., Los Angeles, a past president of the AMA insurance section.

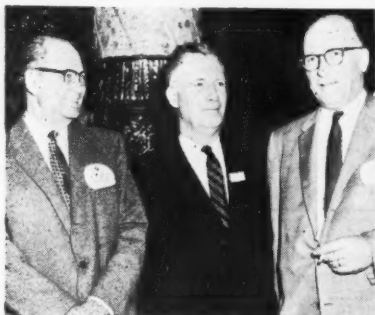


Jay A. Misicka of American Marietta; Arthur J. Osborg of Lumbermens Mutual Casualty; Donald W. Berry of the Borden Co.; Russell F. Gooley of Raytheon Corp.; and Walter R. White of the Kemper group, in the Kemper headquarters.



In Alexander & Co. headquarters: John Rohleder, Robert Beatty, Donald Perin and Carl Reutter, all of the agency.

John Nelson of Rollins Burdick Hunter Co. with Clarence R. Conklin of the Chicago law firm of Heinke, Conklin & Schrader; Russell Stephens of RBH, and Robert R. Bell of Continental Assurance.



Will S. Ellis of Royal-Globe group and Joseph C. Henry of Rollins Burdick Hunter Co. at the RBH party with S. H. McGoun Jr. of Indemnity of North America.



Pat Engh of Rollins Burdick Hunter Co. and John L. Mowatt of Aetna Fire.



Charles R. Hall, Owens-Illinois Glass Co., Toledo; J. Robert Mitchell, Bell & Howell, Chicago; Paul M. Corbett, Johnson & Higgins, Chicago; Dean D. Alexander, Consolidated Foods, Chicago; and E. J. Flood, International Harvester, Chicago, in the Johnson & Higgins room.

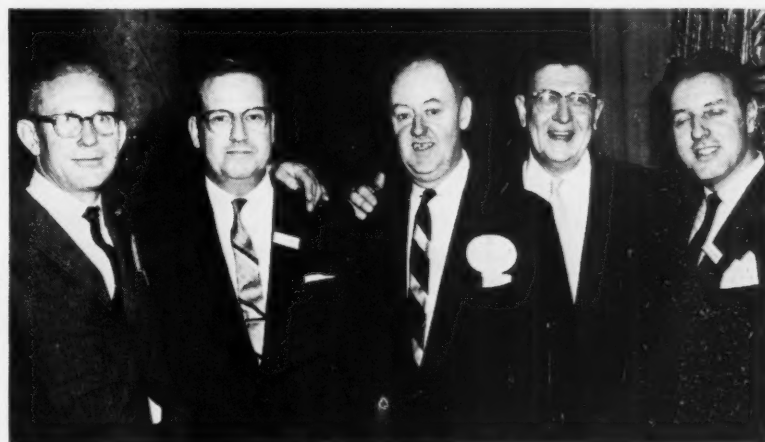


Harold Carlson and Jack Schmitz of the Critchell-Miller agency of Chicago; John J. Geary and Harrington Putnam, of AFIA; and E. P. Simon, Critchell-Miller, at the American Foreign Insurance Assn. room.



In Bankers Life & Casualty headquarters: William Burns and Robert Ewing of Bankers L.&C.; Roy L. Jacobus of Ford Motor Co.; Richard Scovel of Fred S. James & Co. agency of Chicago; Paul Doolen of Bankers L.&C., and G. J. Mauloff Jr. of Marsh & McLennan.

A. J. Smith of Crum & Forster at Rollins Burdick Hunter Co. reception with R. A. Hubbard and Charles M. Heinze of Commercial Union, and C. F. Darcy of Ocean Accident.



R. F. Demsey of Motorola Corp.; John Wunder of Rollins Burdick Hunter Co.; G. J. Burns of Continental Illinois National Bank; Marshall Sims of Continental Assurance, and Walter Reardon of RBH.



Robert M. Knox Jr. and John A. Pfaender of the Anchor Agency of St. Paul; John T. W. Babcock of Gage & Babcock; Howard T. Weber of Minnesota Mining & Manufacturing, and John H. Roe Jr. of Anchor Agency.

Leo M. Faetz of Quaker Oats; T. P. Conroy of Pullman Inc.; Glenn Rose of Arnold Rose Co.; Thomas Atkins of Bankers Life & Casualty, and John Ruckert of Kraft Foods, in Bankers L.&C. headquarters.



In R. B. Jones headquarters: Duane Bush of W. S. Dickey Clay Manufacturing; Ward Manion of R. B. Jones & Sons; Reid Cloon of Illinois R. B. Jones; Dana Durand of R. B. Jones & Sons; W. H. Steele and R. J. Stine of Phillips Petroleum.



Members of the R. H. Gore agency who greeted visitors at Gore suite are Edward Murray, Joseph M. Fern, John J. O'Brien, Thomas Walker, and Frederick P. Gore. (Additional photos appear on page 55.)

Use Of Research Men, Methods Is Desperately Needed

(CONTINUED FROM PAGE 14)
tionary element in consumer spending. If the business is not to be left behind, its products must be relevant to the social and economic conditions of the 1960s.

Insurance policies remain a product of yesterday at a time when the consumer has been educated to demand a product of today with the promise of tomorrow in it, he commented. What does the consumer want? It is a de-

lusion likely to be fatal to take the position that the business knows what is best for the public, and the only thing it has to sell is the rightness of its views.

There is a lot of loose talk about such things as the demand for one-stop service. Yet knowledge of consumer behavior with regard to insurance is exceedingly scanty, and most of the research that has been done is in the life field. Having determined

the needs and expectations of the insuring public, the next step is to develop insurance products which will meet the test of consumer acceptance. That test can be determined only in the field. The industry needs to develop techniques for field testing product innovations before offering them to the mass market.

Revolutionary changes are impending in the economic institutions of distribution, probably within the decade,

Mr. Shaver warned. The rise of mass marketing in the food industry is the response to the new efficiencies which have come to industrial production and are now sweeping agriculture. His group's extensive study of distribution methods in insurance concluded that face-to-face selling would likely be the predominant mode of distribution for most lines of insurance for some time to come. No insurer that aspires to a position of leadership in the industry, however, will dare to relax in the search for ways to apply impersonal methods of selling, not only in the interest of reducing acquisition cost but also toward the objective of mass distribution of insurance products.

It is little short of amazing that convenient monthly payment plans were so long in coming to the casualty and property insurance field, Mr. Shaver stated. There are still problems to be solved, but a high order of priority in research is indicated by the fact of the general acceptance of installment credit in business, the recognized growth of budgetism among consumers, and the role that payment plans have played in promoting the boom in sales of consumer goods. A high proportion of the potential family market is not only accustomed to paying as income is received, but depends upon this device to maintain its level of consumption. The complex, cumbersome, and sometimes inequitable plans currently used for property insurance—advance premium term discount, 40-30-30, and the premium financing—contrast sharply with the flexibility and simplicity of payment plans in the life field, with their accurately and fairly determined interest charges.

Pricing Procedure

The whole pricing procedure is subject to a fresh approach in view of improvements in the tools now available to do the job. Informed judgment was perhaps the only practicable way of fire insurance rate making 50 years ago. It is now possible, however, to assemble statistical data in sufficient quantity, new methods of statistical analysis have been devised, and electronic computers are now available to do quickly and inexpensively the massive job of calculations necessary to apply an actuarial approach to fire rate making.

Nowhere is the pricing problem more acute than in connection with the packaging of coverages, he said. Packaging is one of the most promising developments in the business. Unfortunately such coverages cannot be priced with assurance. Poor experience with packages such as manufacturers output and the commercial property floaters is a result and serves to retard industry progress. The tendency to price packages with more regard to gaining competitive advantage than to sound underwriting requirements is in the best interest of neither the public nor the companies. The whole question of the relationship of the rate for a combination of coverages to the sum of their rates considered individually remains to be explored.

Underwriting Research

In underwriting, as in product pricing, he said, the potential contribution of modern statistical methods and electronic data processing waits to be realized. Techniques such as analysis of variance can be applied to analyze loss experience in terms of all relevant factors simultaneously, thereby determining the contribution of each characteristic to the total situation. With this sort of information, methods of risk selection which took shape before

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4. AIRCRAFT OR VEHICLE DAMAGE

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Vandalism ☐

Water Damage ☐

Sprinkler Leakage ☐

Burglary ☐

Other Causes of Loss ☐

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such tools became available could be updated to the obvious benefit of loss ratios and underwriting results.

These same methods and means of applying them are capable of placing net retentions in reinsurance on a sounder actuarial basis and largely supplant reliance upon unaided judgment. Present methods are lacking in exactitude and inevitably lead to a waste of underwriting capacity in some areas by ceding reinsurance unnecessarily and an unwitting excess of liability to catastrophic loss in others.

Auto Business Threatened

In the face of high loss ratios and persistent underwriting losses, the very survival of a private automobile insurance industry is threatened by conditions arising from the irresponsible use of the motor vehicle, the problems of the youthful driver, mounting numbers of assigned risks, skyrocketing jury awards, and substitution of compensation for negligence as a basis for insurance payments. These have been discussed more than any other concern of the insurance industry and have clearly been the object of some research. Compulsory insurance, merit-demerit plans, and assignment of risks promise no relief for the auto insurers. What is more important, they afford no relief for those who suffer from the mounting toll of injury and death on the highways that monetary damages cannot possibly remedy.

It must be recognized that this problem cannot be solved in the insurance industry, he declared. Automobile accidents cannot be eliminated, but if that portion is eliminated which is caused by irresponsible use of the automobile, the problem would assume manageable proportions and automobile insurance would again become a profitable business, he believes. What is needed is research that will identify the killer and maimer before the fact. What is needed even more is an enlightened public policy that will effectively deny the use of the automobile to those who cannot operate responsibly.

Expense Cuts Are Urgent

In company operation an urgent need is for means of reducing the expense factor. Great things were expected of office automation in this respect, but the results to date are far from convincing. The possibilities for the application of integrated and electronic data processing are far from having been exhausted. Applications so far have been limited largely to "data massaging" operations such as payroll, premium billing and accounting, computation of dividends, calculation and billing of interest on policy loans, commission accounting, valuation of reserves and the like, with progress being greater among the life companies than in the fire and casualty fields.

Computers have a great potential for insurers in such procedures as setting underwriting retentions, determining and recording reinsurance cessions, statistical analysis of exposure, claim figures for underwriting purposes, and pricing work. Rapid production of figures will permit "management by exception." Normal performance standards having been set for production, clerical, and sales personnel, management need be concerned only with failures to meet standards.

Were Never Adapted

Methods of cost accounting have produced vast economies in the manufacturing industries, but have never been adapted to the operation of service-type enterprises, Mr. Shaver pointed out. It is impossible, for example, to compare the cost of various

methods of distributing insurance because companies do not know the cost of their distribution system and lack the means of finding out. It is only as it becomes possible to evaluate the cost of alternative procedures and alternative management decisions that real operating efficiency can be attained. The application of work sampling techniques to insurance operations provides the means of measuring the cost of specific activities. In a period of intensifying competition, effective control of expense will be of tremendous advantage to any insurer who is able to solve this problem.

Another opportunity for expense saving exists in the area of merchandising policy, he said. Commission plans in the property insurance field too often reward the agent for poor business equally as well as for good business. It is possible to determine minimum premiums for which policies may profitably be written and the sizes and types of policies which are most desirable to sell. A clue may then be taken from the life companies and agent compensation adjusted to reflect differences in the cost of doing business

and in the expense of handling policies of different sizes. A multiple line company reflecting on the failure of its agency force to develop a multiple line clientele through account selling might find the answer in a commission set-up which makes it seem more rewarding to its agents to specialize than to become all-lines insurance counselors.

Mountains Of Paper

The insurance industry is beset with mountains of paper work, Mr. Shaver declared. Machine applications, particularly the development of electronic data processing methods, have accelerated processing and at the same time compounded the consequence of error. In awe at the marvels of the electronic "brain," the business tends to lose sight of the fact that the quality of its output is no better than the quality of the data fed into it. The demand for increased productivity jeopardizes standards of accuracy in clerical work. Methods of quality control based upon the application of statistical sampling techniques which have been developed in the manufacturing industry can be

adapted to provide a much needed check on the accuracy of clerical output without the necessity of spending time and money to do the work twice.

The collection and analysis of statistics is a fundamental operation in the insurance industry, particularly in the property field. The burden of statistical work has been mounting in volume and in expense over the years and can be expected to continue to grow. There is need for a keener discrimination in the collection of this data so that only the genuinely significant enter into the work load. Different statistical indices will often measure the same thing, which suggests that a factor analysis of the statistical measurements customarily employed in fire statistical work might reveal ways of actually obtaining better measurements with the use of fewer figures.

Another possibility for gaining relief from the avalanche of numbers is suggested by the use of sampling methods in the Bureau of the Census. The number, composition, and characteristics of the population of the U. S. can be determined more accurately from a properly constructed sample than

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The insurance business of the future will be in the hands of those who first learn to use research and scientific methods to light up the dark places of the industry, who seek answers to their questions and the solutions to their problems, by methods more dependable than waiting to stumble over them in the course of random trial and error explanation, Mr. Shaver averred.

Insurance has lagged woefully in use of research, he charged. Dealing as it does in intangibles, the relevance of science is not readily apparent and the well matured physical sciences are for the most part still struggling to achieve full recognition as science, to construct an accepted body of theory, and to establish a research methodology. Pure research, the search for fundamental principles as practiced in industrial concerns such as DuPont or General Electric is unknown and virtually unthinkable in the world of insurance.

Lack Of Exploration

There is almost a total lack of exploration into the structure and function of the institution of insurance in terms of what is known in economics, psychology, and sociology. Even in applied research, the application of con-

cepts and methodologies of the sciences to the problems of providing insurance services, little is done. Lacking any industrywide organization such as Life Insurance Agency Management Assn., the casualty and fire segments of the business do even less.

What goes on in insurance companies under the guise of such research as is attempted is for the most part merely current problem solving, he said. As important as this is and as important as the adequate factual basis is for such problem solving, no company in any field which has established a reputation for research dissipates its research resources in such activities. No competent authority on the subject of research would consider this proper function of a research department.

For a research program to be successful, a proper climate is essential. Management must want research, and understand what it can contribute. Management must communicate its conviction down the line by its deeds even more strongly than by its words. Management must provide the men and the money to do the job.

It must resist the temptation to make the research budget the first to be cut when business is bad, for this is the very time when the need for research is greatest, he warned. Then management must take research find-

ings into account in making decisions. To fail to do so demonstrates either insincerity in establishing research or ineptitude in failure to establish research on a competent basis, neither of which reflects credit upon the quality of management.

Need Competent People

Probably the second consideration in importance is the need for competent people to do the job. Research is a highly specialized pursuit and one for which special training is required. It is easier for a man sufficiently intelligent to acquire competence in scientific research to pick up the technical understanding of insurance than for even the best operating manager to acquire the research philosophy, temperament, and skills on the job. Research problems in insurance are predominately quantitative in character and demand a person with a high degree of competence in mathematical statistics, not a mere technician, but capable of thinking creatively, achieving imaginative applications, and producing convincing solutions.

A third consideration calls for the full application of techniques and tools now available and the development of others even better adapted to the problems of the insurance field, he declared. There have been tremendous advances in modern statistical methods. Ratios, percentages, and averages are tools of the Stone Age in statistics. No longer need it be a devastating criticism of a study that it was based upon a small sample. It is naive to be impressed by observed differences without knowing the probability that a difference that large could occur by chance. It is foolish to make estimates without knowing the degree of confidence that can be placed in the figures.

Lack Research People

Many uses for modern statistical methods in work with insurance problems have long since been developed. But the industry has lacked research people who could apply and extend them. The widespread installation of electronic computers by insurers makes available to research the means of accomplishing elaborate and extensive statistical analyses rapidly and economically.

Research programs superbly endowed with brains, money, facilities and equipment have foundered because of inappropriate administrative measures. The founder of the research program at Eastman Kodak warned that research was a gamble and could not be conducted "according to the rules of efficiency engineering." He said:

"The best person to decide what research work shall be done is the man who is doing the research. The next best is the head of the department. After that you leave the field of best persons and meet increasingly worse groups. The first of these is the research director, who is probably wrong most of the time. Finally there is the

committee of company vice-presidents, which is wrong all the time."

A research function should be centralized in spite of the tendency for departments such as sales, claims, underwriting or personnel to want to control research in their own areas. The research dollar can be spent to better advantage if it is not allowed to dribble away down half a dozen different channels. More highly qualified people can be hired to staff an integrated research operation, more ambitious projects can be undertaken and, with a single director making a profession of research administration, the canons of scientific respectability can be more responsibly maintained.

The insurance business is finding it necessary to run harder these days. At least one important reason for this condition is that too much of the industry, laboring under the burdens of tradition, inertia, and vested interest, is trying to solve today's problems with the instrumentalities of days gone by. "The research approach to the problems of casualty and fire underwriting provides the means of running smarter—not harder," he stated.

Blue Cross Loses Tax Decision In Milwaukee

A motion by Associated Hospital Service (Blue Cross) for a refund on taxes paid to the city of Milwaukee has been denied in circuit court. Blue Cross contended that it is a non-profit organization and should have been exempt from paying the city \$150,000 in taxes from 1955 to 1958.

In denying the motion, Circuit Judge Elmer Roller said the two issues involved were whether Blue Cross is a non-profit organization and whether it is so different from other insurance companies that the legislature has the power to exempt it.

Edward L. Moerke Jr., assistant city attorney who argued the case for the city, said he would request a trial to clarify certain elements of the decision.

Trev Burrow Trust Fund

At the annual convention of California Assn. of Insurance Agents, a trust fund was established to assure the education of the late Trev A. Burrow's three children. Friends wishing to make contributions to the fund are asked to make checks payable to Trev A. Burrow Trusts and to send these direct to the association at Suite A, Claremont Hotel, Berkeley 5, Cal.

Pacific Indemnity's Fleet Tops

Pacific Indemnity placed second in the 16th annual Fleet Safety Awards contest conducted by Greater Los Angeles National Safety Council chapter. To achieve the award, the company operated 250 automobiles for a total of 4,180,841 miles with an accident ratio per 100,000 miles of only 0.502.

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Urges Careful Planning For All Lines

(CONTINUED FROM PAGE 16)

and that is the age-long battle between the socialistic state and the private enterprise system. The political strength of the institution of insurance lies in the existence in all parts of the country of a great number of relatively small companies. Any movement which will impair the ability of small hardworking institutions to survive is dangerous. When only a large institution can perform the services required, the business becomes an easy target for those who think that the government should do the planning for it, keep the money and take over the companies.

Calls For Planning

Before the business ventures very far into the realm of a policy that insures against everything, or a single insurer for all the hazards of life and property, there should be a program of fundamental safeguards to protect the policyholders in any category against financial instability. Mr. Smith declared. That will require a combination of ethical codes, statutory financial, reserve and reporting methods, and

beyond all, the formulation of plans for scientific rate-making which will involve principles the life business now stability which has come from the use of mortality and reserve tables. If this is not done, the movement that is now on the threshold will result in mis-hap—a built-in structure of financial takes and misfortunes which will plague the business and may destroy it over the years.

Mr. Smith deplored the lack of an organization representing the entire insurance business through which it could plan ahead for the impact of major changes in approach to the market. If there is no organized planning before integration becomes the rule of the day, the business will go through a period of readjustment that will be dangerous, wasteful and damaging. Efforts should be made to avoid such damage rather than repair it after it occurs, Mr. Smith concluded.

Schmidt To General Re's Facultative Unit

John R. Schmidt, a specialist in inland marine risks, has joined the facultative department of General Re. He was with National of Hartford, as a marine underwriting supervisor. Before that, he had underwriting assignments with William H. McGee & Co. and London Assurance group. General Re's facultative division is directed by Vice-president Brice A. Frey Jr.

Paris Is A Hot Town

The number of fires in Paris increased from 3,700 in 1951 to almost 7,000 in 1959. By comparison with the French capital, hundreds of American cities have reduced incidence of fires by from 15% to 70%, according to International Assn. of Fire Chiefs.

In the 10 years since 1950, the total number of fires in the U. S. has increased about 5% from 856,703 to 906,135, while the total number of building fires has remained almost constant, 418,871 compared with 419,556. During this period the U. S. population has increased from 150 million to 180 million.

During a 20 year period the number of fires in Paris tripled where the number of fires in the U. S. increased only one-third. The favorable American record is attributed to enterprise and engineering skills in fire protection, sound fire prevention techniques, and development of a public awareness of the need for fire safety.

Milwaukee A&S Underwriters Hear Department Investigator

Joseph L. Agnes, chief investigator, explained the procedures of the recently established investigating division of the Wisconsin department at the October meeting of Health Insurance Underwriters of Milwaukee.

Kemper Agency Names Two

J. E. Parnell has been appointed production manager and L. F. Edwards Jr. operations manager by Kemper group's Summit, N.J. agency. Mr. Parnell has been manager at Buffalo since 1955 and Mr. Edwards has been with the group since 1940.

Allstate In Five Appointments

Allstate has made a number of appointments: Arthur D. Eisenbart Jr., replaces Nevin Rice as manager at Charlotte, the latter becoming manager at Jackson, Miss.; William E. Schoephoester, underwriting manager Atlanta, Ga.; George A. Wright, claim

manager, Hartford, Conn.; and F. Lee Hogan, services manager Harrison, N. Y.

Stafford R. Grady, partner in the Los Angeles law firm of Mackay, McGregor & Bennion, has been elected to the board of Pacific Employers. He was also elected to the board of the Victor Montgomery general agency, managing underwriter of the Pacific Employers group, which includes Meritplan, California Union, California Food Industry and Allied Compensation.

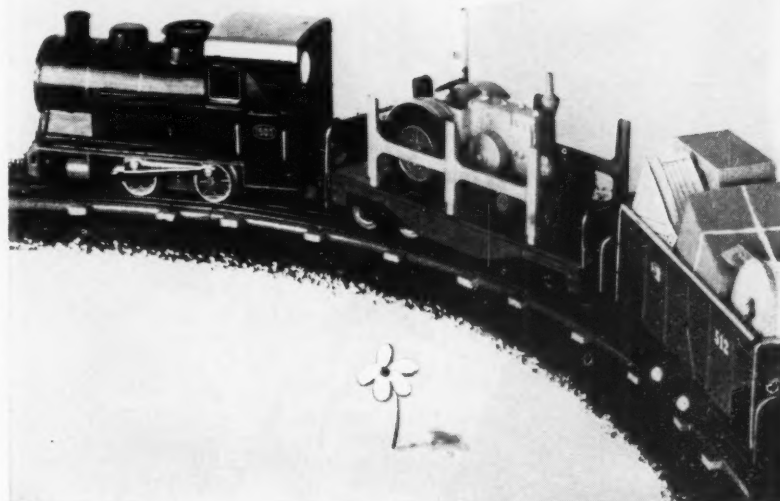
Three V-P Appointments Made By Hardware Mutuals

D. M. Colby has been appointed vice-president of field administration for the western division of Hardware Mutuals of Stevens Point. He joined the company in 1946 and became manager at Newark in 1957.

He succeeds Vice-president P. K. Brittan, who now supervises commercial lines marketing. H. C. Allen, formerly vice-president of underwriting, is now in charge of personal lines marketing.

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Mutuals Find Merit Rating Competitive

(CONTINUED FROM PAGE 26)

writers also hope for some drop in accident frequency under merit rating.

Practically all assigned risk plans have shown a steady growth since inception, Mr. Day reported. Periods of rate inadequacy have contributed to their expansion. Compulsory in New York and North Carolina have produced phenomenal growth in the plans in those states.

In the last year, the rate of growth

of AR plans has slowed down. Yet the continued rise in their membership has become a matter of grave concern to the business, Mr. Day pointed out.

Strenuous efforts have been made to distribute risks more satisfactorily among the insurers. Private passenger cars account for 90% of the total number of units in the plans. All insurers writing automobile write private passenger business, and some companies write little else. Accordingly, a new approach is being made to

distribute assigned risks.

Now, instead of using written premiums as the basis for determining assignment quotas for private passenger cars, in a few states the number of private passenger cars insured is being used to determine the percentage of assigned risk premium each insurer should receive. Since insurers in the plans use different rate levels, the unit basis of exposure, which ignores such differences, provides a more equitable basis of distribution.

The premium basis, he noted, would be satisfactory if insurers wrote assigned risks at the same rates as they charge for voluntary business. But some of them write ARs at rates higher than are charged for voluntary business and therefore fill their quotas faster than insurers that write ARs at the same rate as voluntary business. For cars other than private passenger the premium basis will be continued since practically all insurers use approximately the same rates for the class.

To reduce risks in the plans, inducements are being offered companies to write more business voluntarily, Mr. Day noted. Credit for class 2 business written voluntarily is being introduced in a few states.

Surcharges Of Clean Risks

To get more adequate rates, the companies have sought to get all of the AR experience into the rate level. This is the case presently in more than 4 states. At the same time the companies have tried to get a surcharge on clean risks and increases in surcharges.

Uniform rates now are the rule in a few states. In Maryland, AR rates are uniform—they reflect a flat differential from National Bureau rates and with no additional charges.

Recently assigned risk experience reported by members and subscribers of National Bureau and Mutual Bureau was reviewed, Mr. Day said. The exposures by class and territory were extended at the uniform assigned risk rates. The indicated change in the differential, which was originally set up as 25% above National Bureau rates, was a reduction of about 1%. That indicated that on the basis of actual experience the differential had been pitched at the proper point.

With credits in merit plans for "no fault" accidents, the no fault accident has become a major problem for AR plans. National Industry Committee on Assigned Risk Plans has created a subcommittee to study the matter and determine whether such accidents should not be counted for AR surcharging.

Some commissioners have ordered their AR plans revised—this after consultation but without giving individual insurers an opportunity to express their views on the amendments, Mr. Day declared.

An industry committee composed of 30 insurers representative of the total

business recommended that the advisory committee be expanded into one more representative of the business and to take a more active part in developing AR plans and procedures. This, Mr. Day said, has been done. He is a member of the national committee. It is holding meetings around the country in order to improve communications with local governing committees. Procedures are being studied.

Has "portfolio purification" under merit plans cost insurers desirable business? Mr. McClure said he knew of no instance in which a company wanted to keep business that classified as questionable under merit rating unless it got a surcharge.

Consider BI, PDL Deductibles

Is any thought being given to use of BI and PDL deductibles? Mr. Burgoyne said the basic objection to such deductibles is that they introduce difficulties into claim settlements. They may result in failure to notify and a tendency for the deductible to be sopped up in settlement.

Are the companies satisfied as to the accuracy of accident and conviction information? Mr. McClure said some companies use accidents only but the majority employ accidents and convictions. It is hard to get accurate information.

Also, he said, it is difficult for companies to make the surcharges stick because insured can go to another company. If he remains with the first company, it has to charge the penalty because it filed a plan with the state in which the penalty was set down.

If each class rate is proper why do insurers get assigned risk credits for writing class 2 business voluntarily? Mr. Day said that in Wisconsin insurers get a double credit but in North Carolina a single credit. The Wisconsin plan is being changed to restrict the credit to male drivers under 25. Both girls and boys have been included in the crediting heretofore.

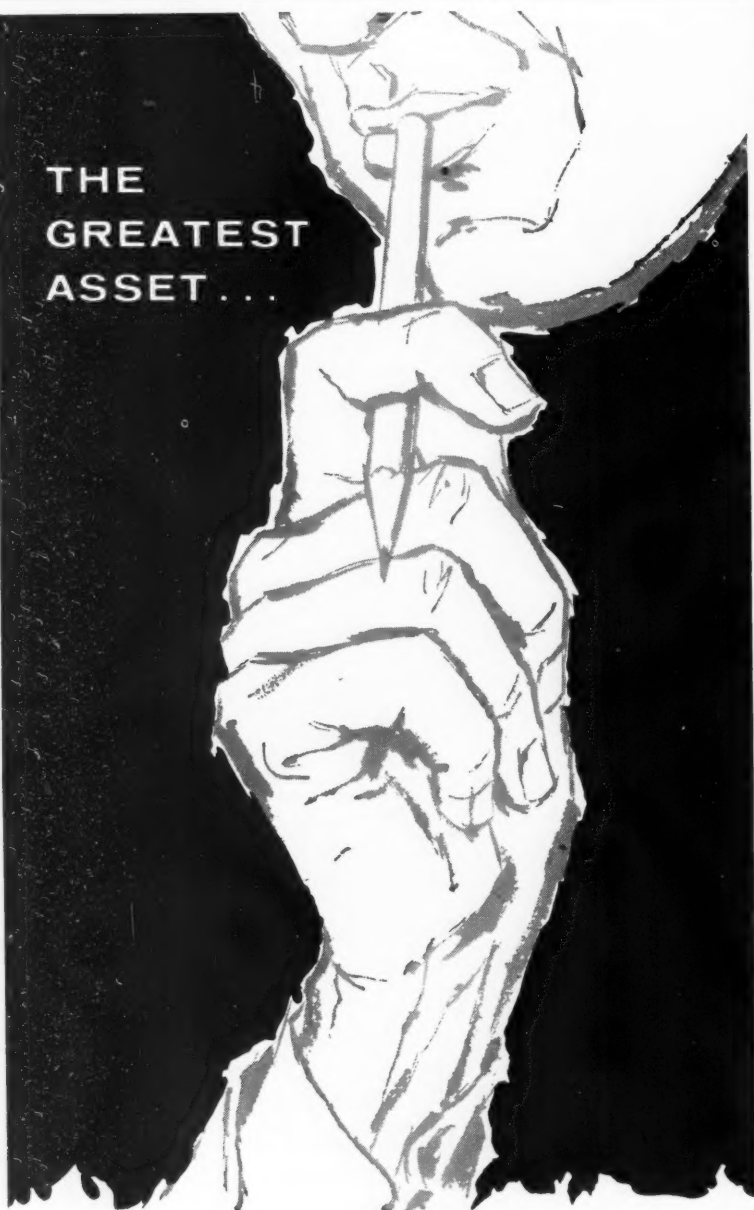
One underwriter said his company is very unhappy with merit rating in Texas. It is almost impossible to get information, he said. Acquisition costs have gone up. No one seems to have a violation that is his fault, and 8% of the business earns the maximum credit, which is too big for reality.

Mr. McClure observed that the insurers are not apt to collect the penalties but will pay the credits. So far, 85% of the business has earned credits. Underwriters expected this figure to be 75%. However, it is a competitive plan. It is too early to tell, he said, whether merit rating has improved the quality of the company's business.

Mountain States Bureau Raises Dennison, Griffith

H. A. Dennison has been appointed assistant manager of Mountain States Inspection Bureau and John W. Griffith becomes superintendent of audit.

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Natl. Auto Theft Bureau Has Window Sticker To Help Stem Car Thefts

In a move to help combat the growing number of auto thefts, the western division of National Automobile Theft Bureau has released a window sticker for use on cars insured by member companies.

According to William J. Davis, western regional manager, the sticker is intended to serve the two-fold purpose of aiding in the prompt identification of stolen cars and acting as a deterrent.

"Over half of all arrests for auto theft are of juveniles 18 years or younger," Mr. Davis said. "Perhaps the display of this sticker on insured cars will help discourage the neophyte thief as well as the professional." There were 288,000 auto thefts in the country last year, he noted, and if the present trend continues, more than 700,000 thefts—accompanied by a proportionate increase in insurance—might well be expected by 1970.

The sticker is four by two inches and bears the wording "Protected by National Automobile Theft Bureau. Any acts of vandalism, tampering or stripping of this vehicle will be investigated and prosecuted to the fullest extent provided by law."

Agents who represent any of the 300 member companies of NATB may obtain the stickers through their companies.

Drake, Cath Promoted At Chicago Office By Continental Casualty

Continental Casualty has promoted Wendell L. Drake to A&S manager and Thomas Cath to superintendent of agents in charge of liability production at the Chicago branch.

Mr. Drake joined the company's A&S department in 1949 as field supervisor at Chicago. From 1950 to 1952 he was branch manager at Cleveland and during the next eight years he held various positions at the Chicago office, most recently as commercial division superintendent.

Mr. Cath joined Continental's Chicago branch as excess and surplus lines underwriter in 1956 and later was appointed manager of that department. His new duties include production for all liability and casualty areas of the branch.

St. Paul F.&M. Names Two Department Secretaries

St. Paul F.&M. has promoted Carl B. Drake Jr. and Earl D. Strickland to secretary of the casualty and personnel departments, respectively.

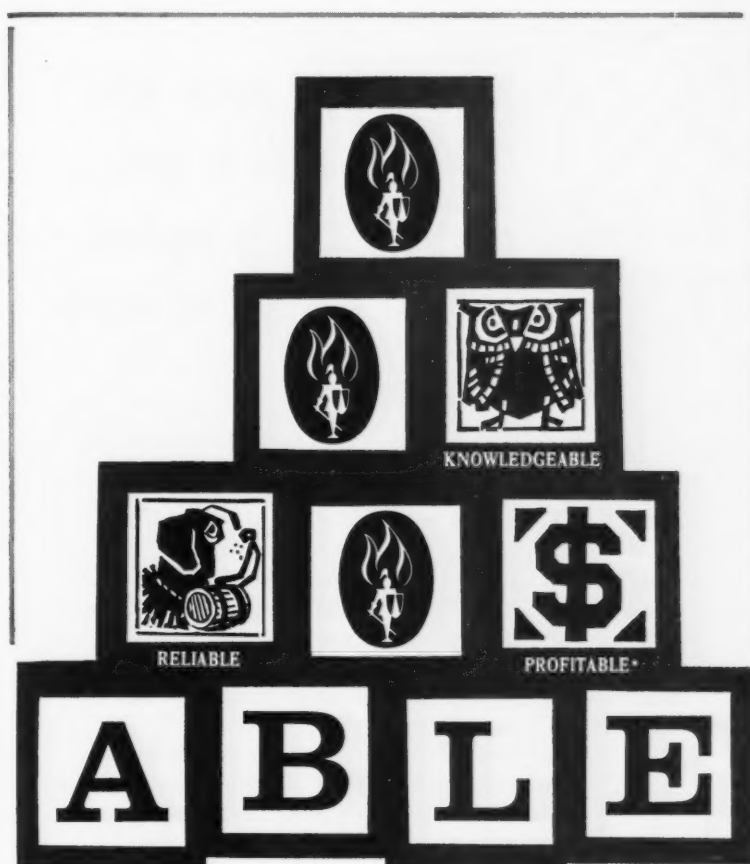
Mr. Drake joined the company in 1941 and Mr. Strickland in 1927. Both have had field experience and were appointed assistant secretaries of their respective departments in 1958.

Jacobs In Ky. Field

George H. Jacobs has joined Standard Accident as field representative at Louisville. He has been with Aetna Casualty and most recently with the Conley agency of Louisville.

Barnett Claims Service Formed

Barnett Claims Service, a multiple line independent, has been formed at 274 Meadows Building, Dallas, by William Barnett. He most recently has been with Zurich group there as a claims supervisor.



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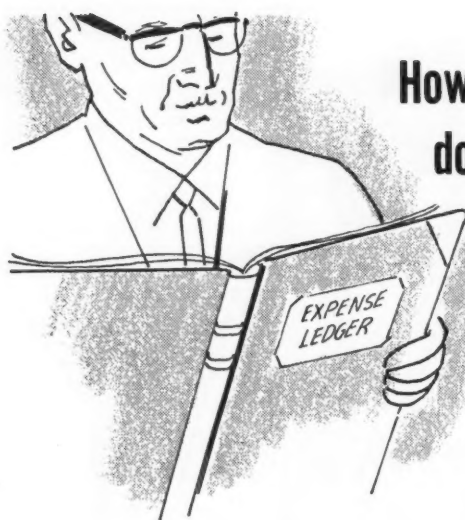
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Westervelt Advanced By National Board

National Board has advanced Fred W. Westervelt from manager of its public relations activities to assistant secretary.

Lewis A. Vincent, general manager, said the personnel and activities of the public relations department have been transferred to the general office of the board. Carol Van Sickle will be in charge of the information office and will continue her present duties as consultant on fire prevention education.

Mr. Westervelt, with the board since 1956, has been in the insurance business since 1925. He was formerly with the Business Development Office and later was public relations manager of General Adjustment Bureau from 1946 until he joined the board.

Would Double Auto Writers Mass. Finance Requirements

Commissioner Whitney of Massachusetts is recommending to the legislature a doubling of financial requirements for all types of insurers writing compulsory auto in the state. He said present requirements are outmoded and are inadequate to guarantee financial stability to the public. He is also recommending that insurance department employees not under civil service be given tenure after one year. This would not apply to deputy commissioners.

Pa. Field Club Elects

Pennsylvania Field Club, meeting at Harrisburg, elected Wilbur J. Hallstead, America Fore Loyalty group, president; Robert Arndt, Hartford Fire, vice-president; Richard Firth, Boston, secretary, and Thomas B. Hamm Jr., Farmers Fire of York, treasurer.

Rendezvous Set For Monte Carlo In Sept.

At the reinsurance rendezvous at Monte Carlo earlier this fall the question arose as a site for future sessions. It has been decided that at least for 1961, the group again will convene at Monte Carlo, the first week in September. This is expected to be a week before the congress of International Union of Marine Insurance, which is expected to be held in Lisbon.

The committee sponsoring the rendezvous is composed of 14 persons of 13 nationalities, presided over by Andre Roux, president and general manager of Compagnie d'Assurances Generales of Paris. The United States is represented by James O. Nichols, president of American Foreign Insurance Assn.

Absence Of Rules

The question of a technical international reinsurance organization has been discussed again. However, there appears to be little progress in that direction. Those attending the meeting apparently like the informality and absence of rules.

The fourth rendezvous this year was attended by more than 600, an increase of approximately 30, with a larger increase in number of countries represented. Lloyd's was represented by many brokers but there were few company delegates on hand. Brokers were mainly British. Over-all representation is approximately 60% company people and 40% brokers, partly explained by the fact that countries other than France, Benelux, and Great Britain do not normally transact business through brokers.

One subject of discussion at the meeting and since is the decision of leading Continental reinsurers not to grant, beginning next Jan. 1, more than the equivalent of \$2 million in liability, for which, normally in Europe, an unlimited guarantee is sought. Apparently this decision has been withdrawn or is about to be.

Considerable business is transacted at the meeting, particularly in the area less desirable classes of risk.—L. Tydens.

Geiger K. C. Manager For American Indemnity

American Indemnity has appointed Gerald W. Geiger manager at Kansas City to succeed the late H. F. Sanderford Jr.

Mr. Geiger has been with American Indemnity since 1954, most recently as assistant manager at Kansas City. Before that he traveled eastern Kansas and western Missouri as special agent.

Costs' Workshop Set By Assn. Of C.&S. Companies

Assn. of Casualty & Surety Companies will hold a workshop on cost reduction and control Nov. 29-30 at New York. Discussions will deal with work measurement, quality, control and competitive automobile insurance plans.

C&F Names Walpole

Phillip E. Walpole has been appointed special agent in the Elgin, Ill., territory for Crum & Forster, associated with John P. Crawford, state agent there.

Honey Joins Pearl In Wash.

Pearl has appointed Durwood Honey special agent in Washington and Oregon. Mr. Honey has had 14 years experience in the business.

Lakewood, N. J., Agents Shunned By Insurers

(CONTINUED FROM PAGE 24)

town—was employed to enforce all building and fire codes. Driver training was made compulsory in junior and senior years in high school.

The agents themselves established a clearing house with information available to all, regarding cancellations for frequent losses, non-payment of premiums, bad driving habits, premises in bad repair. This enabled the agents to underwrite all local risks. The publishers of the two newspapers appearing in Lakewood were called on to give all these matters the widest publicity. Everybody in Lakewood became aware that there was an insurance crisis and now it became a town problem instead of only an insurance agent's problem.

Hold Big Meeting

At this stage with this partial list of accomplishments behind them, the agents arranged for a luncheon meeting in August, to which were invited representatives of the fire and casualty rating bureaus, company representatives (vice-presidents, managers, underwriters, state and special agents), the mayor and members of the township committee of Lakewood and other town officials. The meeting was attended by 85 people. Agents outlined what had already been done and what was planned for the future. Some of the latter were:

1. A meeting with the officers of the bar and medical associations to plan for curbing of unethical practices on the part of a few of their members. Though the agents realize that this is a delicate matter, they are determined

not to accept vague and ineffectual promises. Should these associations be unable or unwilling to take any action, then the agents, themselves, will take legal but drastic measures to put a stop to continued abuses. (At this writing it may be stated that due to all the publicity, the bar association did not wait, but approached the agents requesting a meeting and a frank discussion of the problem.)

2. An educational program was to be instituted to acquaint the insuring public with the serious problem that faces them as well as the agents. Through newspapers, speeches to civic and fraternal organizations, public schools and other groups, the public must be made aware of the results of frequent and exaggerated claims and the effect on the cost of insurance.

3. Plans are to be made for the inspection of all properties for general physical condition and housekeeping. If improvements are called for and are not forthcoming, the clearing house will be notified and the person or persons responsible will be unable to obtain insurance through any Lakewood agent.

Speedier Settlements

4. The companies are to be requested to institute speedier adjustment of third party casualty claims. The experience of the Lakewood agents has been that minor claims are quickly settled for negligible amounts, but when neglected, end up in suits for thousands of dollars. The companies are to be requested to study the feasibility of resident adjusters. Agents are convinced that fair, on-the-spot adjustments cut down the amounts of the settlements.

Company representatives listened and took notes. When asked for comments, company representatives expressed almost complete agreement with the program. They also made several suggestions of their own. A few of these were:

The prompt reporting of claims; selective underwriting by agents; a study of the problem of workmen's compensation claims by itinerant labor. This time the agents listened carefully and took notes for further action on these subjects.

Whether the program will accomplish its purpose it is perhaps too soon to tell. However, some agents report that even in this short time a considerable improvement in loss ratio has been effected. This much, however, is fact: Some companies, impressed with what the agents are doing, have agreed to take on new agencies and to

begin doing business again in Lakewood.

The Lakewood agents realize that they are trying to pull themselves up by their own boot straps, but they are confident that they can do it. The insurers are watching them with interest to see how successful they will be. If they are, perhaps this is the sort of program that could be instituted in other problem areas.

Md. Seeks UJF Recoveries

The state treasurer of Maryland has filed action in superior court in Baltimore to recover sums expended from the unsatisfied judgment fund on behalf of uninsured motorists. Seven defendants have been named, and 50 more cases will be filed in the near future. Claims involved in the actions filed ranged from \$250 to \$650.

New Handbook Ready For Conn., Rhode Island

A new Underwriters Handbook of Connecticut and Rhode Island has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new Connecticut and Rhode Island handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

Plains Ins. Co. of Cimarron has transferred James Tschertter from the Nebraska field to Avoka, Ia.

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Bartels Joins Pacific Group In Illinois Field

Lawrence F. Bartels has joined Pacific of New York group as state agent in northern Illinois with headquarters at Chicago. Since 1957 he has been with G. A. Mavon & Co. as northern Illinois state agent. Mr. Bartels started in insurance in 1947 with National Fire as an underwriter in the western department, and later was with Continental Casualty when Continental-National group was formed.

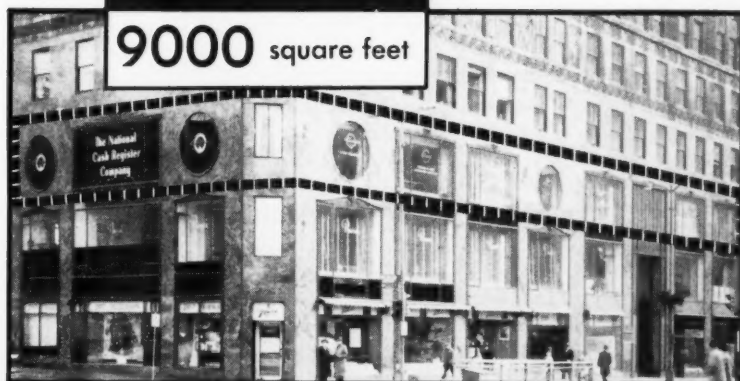
Schramm Named At Oakland

James V. Schramm has been appointed underwriting manager of Industrial Indemnity at Oakland. He has 12 years of multiple line agency and company experience. He joined Industrial Indemnity in 1958 and most recently has been an underwriter in the Oakland office.

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Urge Stress Of Underwriter's Function

(CONTINUED FROM PAGE 22)

can bring grief to an insurer and involve many persons in a company, beginning with the personnel executive who may not be too clear about what type of man he should be recruiting and hiring for the underwriting department.

Foresaw Situation

Several years ago, one of the clearest thinking company executives and one of the finest casualty underwriters of his era observed: "In these days of multiple underwriting and multiple peril policies, a home office underwriter ought to be familiar with the entire gamut of liability and property insurance, including fire, marine, casualty and bonding. In other words, he should know as much about multiple line insurance as the 'average local agent,' but I think that is to expect too much." One might question this executive's use of the word "average" preceding local agent, but no one can quarrel with his conclusion.

A brief review of the impact on underwriters of multiple line developments, particularly in the package area—will perhaps lay the groundwork for an expression of opinion on the question of one man handling many lines.

Homeowners Underwriters

First off, it can be admitted that in the personal lines there are multiple line underwriters. A number of companies have personal departments. Each member underwrites the homeowners policy. But even here, in at least several companies with large homeowners volume, unusual or tough problems are referred to specialists. Certain standards are set up for the underwriter's guidance, and when these are exceeded, he is under instruction to consult with the specialist. For example, when the CPL amount rises much above \$20,000 it is thought that the expert had better have a look-see.

A good deal of homeowners slot underwriting goes on. Guides have been set up on the basis of neighborhoods for example. Presence of unusual hazards due to the habits or hobbies of insured may be the signal for the specialist to get into the act.

Nevertheless, these companies believe that those in its homeowners units are accumulating a body of data that will eventually enable them to operate as full fledged multiple line underwriters on this form without outside help.

It should be noted that the underwriter finds himself without sound rating guides until homeowners—with indivisible premiums—builds up significant statistical background of its own. But it has been charged that homeowners rates now are based on competition and not on experience. A few more episodes like Hurricane Donna will likely reintroduce more sober rat-

ing considerations and provide underwriting with more reliable guide lines than frantic competition.

As might be expected, the multiple line story on the commercial side of the business is a good deal more complicated. Before the advent of the latest commercial packages, inland marine men had long been accustomed to writing forms involving several lines: Jewelers block, bailees forms, covers on warehouses and on bridges and tunnels. In that era the inland marine men had a free rein in their activities.

Seemed Logical Candidates

When broader commercial packages were introduced, the inland marine underwriters seemed to be the logical candidates for the role of expert multiple line underwriters on the forms. But they had a tendency to relax vigilance on rates and acceptances and they got a royal burning. They may also have been under management pressure to get this business on the books before the competition did so. That could have affected their judgment.

It was not long before the fire underwriters were back in the saddle in some companies. Obviously, the major peril of the commercial forms is fire, and they are basically location business.

A basic clash between fire and inland marine underwriters on handling of commercial packages occurred because the latter were usually excess of loss underwriters operating with a treaty or facultative reinsurance in mind. The fire underwriters are percentage writers.

Although the third party liability men do not get into the act on the commercial packages now available, the burglary underwriters bring a third viewpoint to bear. A highly appealing sprinklered risk may meet all the requirements of the other specialists but will immediately be singled out as a potential lemon by the burglary man, depending on the stock and other factors. He is conditioned by entirely different loss patterns.

Grooved In Specialty

This variance in viewpoints bears out the frequent observation that the typical underwriter looking at a multiple line package tends to focus on the problems of his specialty. It is rather puzzling why this should be mystifying to some. Specialized underwriters have formed habit patterns over many years, and breaking these patterns is like trying to unwind the strands of the Atlantic cable. The really important question is whether specialists should be encouraged to change their habits. Further exploration of multiple line underwriting as currently regarded in both theory and practice turns up other points that may be enlightening in this regard. One company executive has out-

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lined a procedure which he thinks might produce an individual able to underwrite broad packages. This man might start in the inland marine department and learn routine underwriting. Then he would go into the inland marine field and acquire a knowledge of production and agency problems. While in the field he would take courses in all complementary lines and gain a basic theoretical knowledge of them. After field experience, he might become a branch manager. All lines would clear through him and he would get an over-all picture.

His next step, in this recommended procedure, would be assignment to a departmental office where he would revert to his specialty of inland marine underwriting. Progressing up the ladder, he would become departmental manager, passing judgment on all lines.

This prescription has much to commend it, but it must be observed that the end product would be an executive who would review the efforts of others who remained specialists.

How Underwriters Developed

Some companies now have men capable of individually underwriting commercial packages now on the market—not because these companies planned it that way or consciously directed the education of such men—but because the man's past experience over 20 to 25 years took him into various areas of the business.

For example, several such men have been inland marine underwriters and later field men who took on the fire and casualty portfolio when their companies attempted the experiment of multiple line field men, later largely abandoned. Some of these men subse-

quently became branch officials, and all lines cleared through them. When commercial packages hit the market, they were reassigned to home office multiple line departments in routine underwriting capacities and were uniquely equipped to look at all the components in the packages. They are not perfect, but they are probably the best talent around for this purpose. The point is that they developed largely by force of circumstances, and not by planning. Their chief asset is their thorough grounding in one underwriting specialty.

One company's multiple line unit has a number of men, each of whom completely underwrites the broad coverage commercial personal property packages. This company will not permit "fracturing" underwriting procedure on policies involving first party property covers with some bailment aspects.

It is significant that this company has an agency plant generally recognized as far above the average. Submissions of business by agents are relatively superior. Moreover, this company's field and branch personnel are more underwriting minded than their competitors.

Demands Data

Furthermore, this company is never stampeded by competition for commercial packages. For example, it insists on complete information on all locations, a requirement that some larger insurers reputedly forego in the rush for business which they grab and then reinsure. The company that insists on location information provides its underwriters with a more intelligent working base.

The background of the top man in the unit which has been cited because each member does a complete multiple line job on presently available forms is most significant. After he was recruited from college he was routed through underwriting in cargo hull, broad commercial lines, auto and fire. In addition he was for a time assigned to the reinsurance unit and also groomed in agency relations work. Most significantly, however, he specialized in commercial inland marine and gained a detailed knowledge of that phase of the business.

Another insurer—one of the largest in the business—uses what amounts to conference underwriting, with specialists in the picture at all stages until the risk gets to the top man, if it has to go there.

In any discussion of the possibility of developing an all round underwriter, it might be well to observe what has happened in analogous situation in the development of company fleets, casualty operations organized and directed by men with a fire background have met with mediocre success, and vice-versa. This experience indicates that there will always be a need for highly trained specialists in the various phases of the business—particularly underwriting.

Analogies Drawn

As noted, many efforts to develop multiple line field men have not been too successful, at least according to the agents they were supposed to assist. In this instance, agents' testimony would be more objective than that of others. If the multiple line field man experiment has often flopped, how can a multiple line underwriter experiment succeed? An underwriter must be much more of a specialist and technician than the field man.

Some companies speak of their commercial multiple line underwriters. But

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these men are really specialists assigned to multiple line units and to date most of them have not even handled all aspects of coverage in the packages so far available—to say nothing of third party liability and fidelity (by endorsement) which are appearing in such forms as that developed for motels.

One company admits that it has not decided on what type of underwriting unit it will set up to underwrite the motel form and others that may appear with more lines than have been in previous packages. This company indicates that many specialists will be used on motel forms.

In this connection it should be noted that the motel coverage would not be the ultimate test for a so-called multiple line underwriter. Motels are a homogeneous class, despite variations in ownership, location and other factors. Many commercial enterprises will never fit so neatly into categories, since there are innumerable variations even in risks in the same general type of business. If a company has to use specialists on motel covers, it will have to use them with a vengeance on lines with less homogeneity.

Future Considerations

Why is it important for a company to make up its mind on the question of what it means by a multiple line underwriter? One reason is that present underwriters and particularly executives who have been dealing in varying degrees with commercial packages have invariably had long and solid grounding in one particular phase of the business. These men will eventually disappear and will have to be replaced. What type of man will replace them, and how will these new men be trained?

One company commentator, leaning to the popular but ill defined concept of a multiple line underwriter—says that companies should be looking for versatile and adaptable men with

quick minds, as distinguished from "plodders." The recruit of the new era, according to this commentator, will be chiefly concerned with seeing how he can wrap a package around the insured, and he will be trained to that end.

On the other hand, another executive points out that if a company has not been able to make money with underwriting specialists, it can hardly expect to do better with jacks of all trades. He thinks insurers should not be looking for somebody who can do everything but somebody who can do one thing well and cooperate with others in multiple line writing.

Need For Specialists

This observer points to a problem growing out of glib talk about multiple line underwriters. Some young men in his company are showing impatience at being tied down for any considerable period to one aspect of the business. They are not willing to invest the time necessary to sink their roots deep into one specialty which would be a base for their progress into other lines. They want to get into the "multiple line department." The company that permits these young men to skip too fast from one area to others, without learning any one specialty completely, is going to wind up with a lemon, in this commentator's view.

A company might do well to liken its underwriting structure to that of a tree. The roots must go deep and extend in different directions. Only then will the trunk be sturdy and the branches widespread and abundant with foliage and fruit. Still, the tree is a unit.

Multiple line underwriting can be a fruitful unit too, provided that the roots of its members go deep and in varied directions. That is the kind of "underwriting tree" insurers might be well advised to plant, if they have not done so already.

Benson Is Great American Manager At Kansas City

Great American has appointed William Benson manager at Kansas City with production and administration supervision over western Missouri. He has been field supervisor at St. Louis.

State Agent Ted T. Harper has been appointed field supervisor for eastern Kansas, and Philip Cellitti, farm and hail supervisor for Missouri, has been given the additional duties of multiple line field supervisor for northwestern Missouri. Special Agent Robert Hallock will assume production responsibility at Kansas City.

Ariz. 1752 Club Formed

Arizona mutual field men have organized a 1752 Club and Winston H. Price, Badger Mutual, has been elected president. Other officers are Hubert N. Hill, Millers Mutual, vice-president; Kenneth E. Edmiston, Central Mutual, secretary; and Thomas Sluder, Grain Dealers Mutual, treasurer.

The club will hold its monthly meetings at Scottsdale.

Wash. Field Assn. Changes Names

The name of Washington Fire Underwriters Assn. has been changed with the substitution of "Insurance" for "Fire." The change was adopted in anticipation of a merger with Casualty Insurance Assn. of Washington and Surety Underwriters Assn. of Seattle. In other business, Donald Fleck, Aetna Casualty, was elected treasurer to replace the late I. W. Elwell Jr.

IN THE FINEST NEW ENGLAND TRADITION



As cherished today as the covered bridges built by their forefathers to span New England's churlish streams is the heritage of service and dependability which has guided New Englanders in their business enterprise since Colonial times. Independent Agents who appreciate these qualities rely on the Peerless Insurance Company for modern, multiple-line coverages in the Bond, Fire, Accident & Health, and Casualty fields.

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PEERLESS
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A Multiple Line Company Keene, New Hampshire

Hail Insurers Again Show Good Results

(CONTINUED FROM PAGE 1)

be worth some stature to the hail insurance departments. There have been good years before, but never when the premiums were in the \$70 million class. Even at \$75 million, hail insurance is nowhere near its potential. Only a relatively few agents offer the line and even fewer sell it.

This year Crop-Hail Assn. revised rates for about 60% of the premium volume, and next year it will make changes on a little less, perhaps 55%. All of the rate changes include experience of the most recent season, making use of IBM magnetic tape electronic data processing equipment. The CHIAA program calls for a rate revision every three years in every state, and five states receive annual rating treatment—Kansas, North Carolina, Virginia, Florida and Texas.

List Illinois Premiums

Premiums of CHIAA companies in Illinois, the ninth ranking state, last year totaled \$3,426,000. This does not include the Country Mutual, which does more hail business in Illinois than all other companies combined, having about \$5.5 million this year. The CHIAA reduced rates in Illinois 15% in 1960 and had an over-all reduction in premiums of about 14%. In this state there is a close cooperation with Illinois State Water Survey meteorology division in a study of the principles of hail, its occurrence at various altitudes, etc., and this effort is beginning to bear some fruit. It is hoped that some truly scientific application of meteorology to hail incidence will be possible in the not too distant future.

There was introduced this year in Illinois a new reduced rate policy under which the contract is for five years at the prevailing rate. That is, the farmer pays the going rate as it changes from year to year, and

policy is endorsed each year to show the crops covered, etc., and there is a discount for taking five year term. This proved to be popular.

Also Has Rain Insurance

Crop-Hail Assn. also has charge of rain insurance, and last year it made filings in all the states. There will be revisions in 1961 in all forms and in some rates. This is a line of insurance that has been seriously neglected. The total premiums are in the neighborhood of \$300,000, but years ago the line was much more significant. There is a public awareness of rain insurance, it is noted, that exceeds the understanding of crop-hail coverages, but the interest in selling it has dwindled. With a little spurt of activity, it is figured this business could amount to several million dollars and up.

Premiums and losses for crop-hail coverage by states in 1960, together with the loss ratio and rank of each state in premium volume, as prepared in the preliminary report of Crop-Hail Assn., were:

State	Rank By Premium Income	Premiums \$	Losses \$	Loss Ratio %
Alabama	40	19,768	3,889	19.6
Arizona	16	1,290,230	237,813	18.4
Arkansas	30	145,142	4,945	3.4
California	31	145,040	32,048	22.1
Colorado	13	1,750,889	918,063	52.4
Connecticut	26	246,543	922	.3
Delaware	44	4,989		
Florida	25	263,291	124,719	47.3
Georgia	18	1,096,014	541,442	49.8
Idaho	23	568,451	64,601	10.9
Illinois	9	3,426,792	1,274,797	37.2
Indiana	21	673,329	228,089	33.8
Iowa	8	3,869,811	2,602,764	67.2
Kansas	4	6,800,619	2,087,405	30.6
Kentucky	12	2,076,723	1,626,882	78.3
Louisiana	47	354		
Maine	38	39,353	9,859	25.0
Maryland	39	35,315	3,683	10.4
Massachusetts	33	87,582	1,148	1.3
Michigan	35	52,554	31,829	60.5
Minnesota	6	4,343,379	2,237,659	51.5
Mississippi	36	45,691	11,337	24.8
Missouri	22	614,723	338,954	55.1
Montana	10	3,171,870	1,648,062	51.9
Nebraska	5	6,465,900	4,644,153	71.8
Nevada	48			
New Hampshire	45	4,164		
New Jersey	41	14,777	507	3.4
New Mexico	14	1,457,407	1,454,385	99.7
New York	32	110,532	24,105	21.8
North Carolina	2	7,875,834	2,690,272	34.1
North Dakota	3	7,345,787	5,268,047	71.7
Ohio	28	183,806	67,024	36.4
Oklahoma	11	2,266,816	1,446,744	63.8
Oregon	24	561,870	132,415	23.5
Pennsylvania	34	80,763	138,668	161.7
Rhode Island	46			
South Carolina	15	1,292,095	584,637	45.2
South Dakota	7	4,194,889	2,882,282	68.7
Tennessee	20	691,387	500,542	72.4
Texas	1	9,089,750	5,926,749	65.2
Utah	42	7,322	647	8.8
Vermont	43	6,135		
Virginia	17	1,277,162	813,597	63.7
Washington	19	967,736	41,150	4.2
West Virginia	37	43,137	42,686	101.3

Wisconsin	29	157,998	97,382	61.6
Wyoming	27	228,868	36,068	15.9
		\$75,100,182	\$40,814,610	54.3

Since 1945, when premiums exceeded \$25 million for the first time, aggregate premiums and losses and the loss ratio of Crop-Hail Assn. companies have been:

Year	Total Liability Premium	Premiums \$	Losses \$	Loss Ratio %
1945	543,038,520	29,711,042	17,286,736	58.1
1946	526,088,978	28,471,387	10,679,454	37.5
1947	672,442,527	39,478,879	18,036,419	45.6
1948	646,785,560	32,662,033	15,242,448	46.6
1949	616,697,448	34,121,500	15,842,793	46.4
1950	502,941,482	24,688,245	9,921,008	40.1
1951	701,084,373	33,962,166	20,889,235	61.5
1952	859,928,809	44,384,949	22,179,117	50.2
1953	939,715,848	44,669,102	25,534,823	57.1
1954	1,066,738,917	49,518,192	36,771,334	74.2
1955	1,216,813,942	54,760,652	34,245,096	62.5
1956	1,276,369,229	55,389,081	45,058,449	81.3
1957	1,495,853,195	70,040,927	44,979,957	64.2
1958	1,520,893,778	78,156,295	41,379,791	52.9
1959	1,464,454,928	73,651,006	33,073,060	44.9

Glens Falls Volume Up; Donna Takes Toll

Glens Falls had an underwriting loss of \$2,251,643 in the first nine months of 1960 compared with a loss of \$2,202,803 for the same period of 1959. Premiums written were up to \$68,512,376 from \$66,365,474. Unearned premium reserve rose by \$2,168,113 against an increase of \$3,025,143.

The company reported that underwriting results, which had shown a marked improvement in the first seven months, were adversely affected in August by sizable surety losses and in September by losses of approximately \$750,000 from Hurricane Donna.

Mutual Bureau has introduced its special economy auto package policy in Delaware, effective Nov. 9.



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FIDELITY & SURETY
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Stuyvesant Has New Group A&S Program

Stuyvesant has introduced a group A&S policy that protects the employee's earning ability until other benefits become effective. The salary continuance plan provides for indemnity to be paid for total disability and non-confinement to house or hospital for 104 weeks. The insured employee who remains confined to house or hospital is eligible for benefits until he reaches age 65. The plan can be tailored to meet the needs of any type of account.

The plan is available in \$5 units up to 75% of the employee's gross salary but not exceeding \$250 per week.

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Editorial Comment

Public Relations And The Underwriter

(From talk at Mutual Insurance Technical Conference, New York. First part of three.)

What is meant by the term "public relations" is so important that this business very likely can't afford any longer to do without it. Public relations is vital to underwriters and underwriting executives because of their particular responsibility for insurance as a product, from the time they fashion the coverage until it becomes statistical history.

It would help if you substituted a more precise term, say, "human relations." Then reduce it to relations with employees, with associates, with agents, and with customers.

At this point, if you have not collapsed from over-exertion, you can contemplate relations with legislators, insurance department chiefs and personnel, and an assortment of opinion molders too numerous to mention. Named here is almost everyone in the U. S.

Basically, any relationship is a matter of communications. In insurance and in your function in it, the task of communications is concerned almost entirely with the product. In maintaining favorable relations with those individuals of whom we have just spoken, few matters of significance exist beyond the creation of the product, its distribution to agents, its distribution by agents, and the final application of it by the company for the benefit of insured's interests.

What have underwriters got to do with the product? Everything. They are the key to the entire operation. They add a unique ingredient and mix and blend the other ingredients—loss, claim, engineering, financial, marketing and administration. The president can't talk about the product. He's busy counting money and measuring men. The loss man is committed to a limited part. The engineer is a specialist. And who has more to do with the marketing of insurance than the underwriter?

Consequently the underwriting executive has more responsibility for the long term, basic relations of the business than any other figure in it.

The underwriter is the man who knows what's in the product because he put it there, or kept it out.

If anyone, it is the underwriter who keeps the employee, his associates and the agents thinking of and talking in terms of the product not as insurance but as satisfaction, protection, and peace of mind for insured. He it is who can, if it is to be done, convince insured that if he never has a claim he has always had more than his money's worth.

The best way to determine what can be done by the underwriter to improve the public relations of the business is to find out what people other than underwriters think of the product. They may be mistaken in their opinion. Some of them are. Nevertheless, if that is what they think, then you know at once where your communications have failed, if they existed at all, or in what respects the product is unsatisfactory to those who use it, distribute it, or interpret it.

These examples do not represent any great amount of research. More inquiry should be made and the investigation should be continuous if you are to understand at all times your PR problems. You cannot improve your relations until you learn where your communications have broken down.

A judge had this to say of that bright new package of which the business is so proud, the homeowners: It "is a collage which represents the triumph of mucilage over mind."

A corporate insurance buyer observed that "those of us who know the insurance story (and it's a good one) learned it the hard way and not because of any public relations program, but probably in spite of one."

A management consulting firm devised a method of measuring the attitude of customers and non-customers toward a specific corporation, by the use of such terms as square shooter, friendly, and warm-hearted. The composite score for four insurance companies on the adjective "warm-hearted" was minus 8%. Those persons asked if they regarded the Ajax Ins. Co. as warm-hearted were not just negative

in their answers, they were positively negative and took the trouble to put down "hard-hearted."

At the mutual agents meeting in Washington, Glen Bayless, Washington editor of Business Week, in response to a question, said it was his impression that premiums are "fixed." At least, he said, they are "administered." There is, in his opinion, "no price competition" in the business.

At the same meeting, Arthur Levy, New Orleans agent, declared that the agent today has more administrative duties than the average company president. Eighty percent of the agent's time is spent on doing the company's work. Unless the company starts doing its own work, and adopts electronics and other methods to save money, it is silly to talk about an agent getting out to sell more than he does today. He hasn't time now even to sell fire and casualty.

Agents, battered by rate changes, alterations in coverage, package programs, rapid revisions in rates and quick coverage modifications—all

without prior warning or consultation—now are debating whether to enforce the responsibilities of communication on their partners, the companies. They have sought and secured mandatory hearings in Florida, they are debating the matter in Ohio, and the tenor at the mutual agents' meeting was no different.

Communication. They are all asking for communication.

I get from all of this the clear indication that insurance is so important to people that they want more of it. They want it easier. Maybe they want it cheaper, too. But more often they just plain want it. Bills to prevent cancellation mean that they want more of it. They want it to cover more things. Actually the public thinks more highly of insurance than many of those who make their livelihood out of it. People criticize the business because they want it to be more reliable, more communicative, more of what it is. There has been a long struggle, one that is still going on, between those who wanted the coverage and those who wanted to limit it—not to give it to them or who wanted to provide less of it than the people wanted.—K. O. F.

Deaths

WILLIAM J. MOHAN, 43, who operated the Southwest Adjustment Co. in Lake Charles, La., was killed in a car crash near Baton Rouge.

ALBERT C. BUTTERFIELD, 61, assistant secretary Merrimack Mutual Fire and Cambridge Mutual Fire, died of a coronary thrombosis. He had been with the companies for 37 years.

Mrs. FRED D. HOUGHAM, wife of the former secretary of America Fore in the western department at Chicago, died in Los Angeles.

GUY W. ENGLE, president of the Bon agency of Casper, Wyo., died at Denver.

WILLIAM J. KEVILLE, 83, partner in the Boston agency of Eldredge & Keville, died in Chelsea, Mass. His home was in Belmont. He was past president of Boston Real Estate Exchange. He was a general in the Spanish-American War and served as adjutant general of Massachusetts during World War II.

LEO J. GUILFOYLE, 72, president of C&T Associates, New York marine agency, died at his home in Pelham, N. Y.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Nov. 15, 1960

	Bid	Asked
Aetna Casualty	86½	89
Aetna Fire	85¾	89
American Equitable	41¾	44½
American, Newark	25¼	26¾
American Motorists	15¼	17
Boston	31¼	33¾
Continental Casualty	74¾	77½
Crum & Forster	67½	70½
Federal	54¼	56¾
Fireman's Fund	48¾	51¼
General Re.	109½	116
Glens Falls	32	34¼
Great American	43¾	46¼
Hartford Fire	47¾	49½
Hanover	42	45
Home of N. Y.	58¾	61¼
Ins. Co. of No. America	61	63
Jersey Ins.	31¾	34
Maryland Casualty	35¾	37½
Mass. Bonding	37½	40
National Fire	105	113
National Union	35¾	37½
New Amsterdam Cas.	54¼	56¾
New Hampshire	51¾	54¼
North River	38¾	41
Ohio Casualty	23½	26
Phoenix, Con.	78	80½
Prov. Wash.	17½	19½
Reins. Corp. of N. Y.	21½	24¼
Reliance	55	57½
St. Paul F. & M.	55¼	57¾
Springfield F. & M.	30½	32
Standard Accident	43¼	45½
Travelers	87¼	90½
U. S. F. & G.	37¼	39¾
U. S. Fire	27½	29½

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Mich. OL&T Rates Up

Mutual Insurance Rating Bureau has increased OL&T rates for BI by 18.5% in Michigan effective Nov. 16. The storekeeper's liability rates have been revised, where necessary, to maintain the relationship between the rates for this coverage and the combined BI-PDL rates for the corresponding OL&T classifications.

GAB Opens New Branch In N. H.

General Adjustment Bureau has opened a branch at Claremont, N. H., to service Cheshire and Sullivan Counties and part of Grafton County. This territory was formerly handled by the bureau's office at St. Johnsbury, Vt. L. M. Merritt has been named manager at Claremont.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

The pre-election and post-election surge in the stock market by-passed the insurance list. Professional trading continued at a quiet pace and was unaffected by split-second reappraisals of outlook that were being essayed in other types of equity. At least it can be said that the Kennedy era projects no particularized hobgoblins for insurance. Especially in the absence of the implication of mandate in the election there is no evidence of the kind of popular ferment that would tempt political giant killers to get fat by attacking insurance. The same complex of forces affecting insurance stock values remains.

Third quarter results in fire-casualty are generally drab. But this was expected and the official releases haven't jarred the market. The market adjustments apparently were made beforehand under the impact of Donna, a faltering stock market and the general report of sorry surety experience. And now there was hope that fourth quarter earnings might be favorable. For instance Continental Insurance made its low of 44% before the third quarter report was released and the stock moved up when the uninspiring figures came out, closing Friday at 48%.

New Amsterdam Casualty stock stabilized around 54 when the management recommended a merger program with Home. This calls for one Home share for one NAC, but after a 10% stock dividend by Home. So with Home at 59, the arithmetic suggested 54 or so for NAC. Recent acquisitions have been worked out on the basis of matching liquidating values, with credits or debits for certain elements of inequality between the companies concerned.

Home and NAC (allowing premium reserve equity in wholly-owned U. S. Casualty) each had liquidating values by comparable formulas at Dec. 31, 1959 of about 96. However, the age problem in the NAC staff coupled with the absence of a pension scheme was a debit. On the plus side is the very large income tax credit of NAC and especially from Home's standpoint is NAC's New York head office real estate at 60 John Street.

Security's position is ambiguous here. Its proposed offer of 1 1/4 of its shares per share of NAC has not been withdrawn and in the meantime Security's stock has run up from about 50 to 57. So on a market basis such an offer would look like \$70 for NAC. Security stock is selling above Dec. 31, 1959 liquidating values. This illustrates the market disparities when trading at liquidating value as between a so-called discount issue and a premium issue. Security probably will just stand by awaiting developments, a jilted suitor—temporarily at least.

The Commercial & Financial Chronicle of Nov. 10 has an article "The Uneasy 1960 Courtships and a Merger." This deal with NAC vis-a-vis F&D., Security and Home, and also with Mass. Bonding in relation to State Mutual Life and subsequently to Hanover. It was written while the Home-NAC possibility was still unconfirmed.

Mass. Bonding stock recovered about 3 points from its low of 33 1/2 which it reached on the announcement that the Hanover deal was off. Such a merger involved technical difficulties. Hanover could not have owned 80% or more of Mass. Bonding without exceeding its statutory investment limits, so there would have had to have been an outright consolidation.

Life stocks continue in a rut for the most part. Security Life & Accident moved up 3 points on the announcement of a proposed 25% stock dividend. Standard Life of Indiana found favor on the announcement that an extra dividend of 25 cents would be paid. Lincoln National recovered about 15 points, Continental Assurance sagged a bit after a runup, although many are watching this one for the possibility of something good for stockholders in connection with its 50th anniversary in 1961. Travelers continued in good demand and at one time stretched its lead over Aetna Life to more than 8 points. Conn. General remained strong. Great-West and Crown Life were in demand. Some buying developed in National Old Line and in North American Life, improving the market in each a point or so. Jefferson Standard perked up.

Incorporated Investors during the three months ended Sept. 30 sold 21,000 shares of Aetna Life and 36,000 shares of National L.&A. and 3,500 Travelers.

Delaware Fund made new commitments in several insurance issues—27,000 shares of American Insurance, 15,000 shares of Continental Insurance, 4,000 Great American, 7,000 North America, 22,500 Maryland Casualty, 6,000 Standard Accident and 800 General of Seattle.

Broad Street Investing sold 4,000 Crum & Forster and bought 5,000 Fireman's Fund. Lazard Fund bought 1,000 General Reinsurance.

Investment Co. of America sold 5,500 Maryland Casualty and the George Putnam Fund sold 4,800 National Life & Accident and 10,000 Northern Insurance.

Barron's in its Nov. 14 issue features an article by Rodger W. Birdwell captioned "Life Insurance Stocks—in a Risky Market, They Offer Some Protection." The author thinks the favorable influences both short and long range outbalance the headaches. The latter center around growing competition. He charts eight companies, and estimates 1960 earnings considerably above those of 1959. Using an earnings adjustment factor of his own he states the 1959 adjusted earnings of Aetna Life to be \$8 and estimates the 1960 figure at \$9.50. Comparable figures for Conn. General are \$31.10 and \$36.35; Continental Assurance \$7.25 and \$8.45; Franklin Life \$4.80 and \$5.30; Jefferson Standard \$4.65 and \$5; Lincoln National \$15.50 and \$17.75; National Life & Accident \$7 and \$7.90 and Transamerica \$2.25 and \$2.30.

Value Line Investment Survey came out Nov. 14 with a strong plug for National Old Line.

John C. Legg & Co. has published a study on Variable Annuity Ins. Co. This is the first publicly owned company of its type. They predict that VALIC will be in the black by 1962 and that the adjusted earnings should be \$1.50 per share in 1965. Premium income by then should be \$25 million. J. C. Legg concludes

L. A. Court Decision Contrary To Earlier Slide Damage Ruling

A Los Angeles superior court judge has ruled that an insurer has no liability for damage to a home from a landslide occurring after a policy expires, even though the slide started and caused damage during the policy period. The ruling also states that the policy does not cover the cost of "remedial measures" to prevent further damage from the slide.

The decision, handed down by Judge F. Ray Bennett in the case of Snapp vs State Farm F&C., runs counter to a 1957 ruling in the case of Harman vs American Casualty. In a similar situation in the latter case, the U. S. district court at Los Angeles held that once a loss starts during the policy period, the insurer, even after the policy expires, is liable for all damages occurring until the movement stabilizes.

Judge Gives Reasons

On the point that insurer is not liable for the cost of remedial construction Judge Bennett wrote:

"The land upon which a substantial portion of said house was constructed consisted of an unstable fill. In order to support said house on said fill, a series of bell piers was constructed and said house was tied to and rested upon said bell piers. Said bell piers were designed and intended to protect said house from vertical movement of said fill, but not lateral movement thereof; that some of said bell piers were so constructed that some of them did not extend through such fill and into the firm soil; that as a result, said bell piers were not adequate to support said house in the event of vertical or lateral movement of said fill. That to provide the insured premises with adequate lateral and vertical support and to prevent further damage to the insured premises resulting from said landslide, a redesigned and improved foundation is necessary and the reasonable cost of such redesigned and improved foundation is in excess of \$18,000. Under the terms of the policy, the plaintiffs are limited to recovery of the cost of repair or replacement of the foundation to its original condition and are not entitled to recovery of the cost of redesign or improvement."

Insured had filed suit to recover the policy limit of \$25,000, but the court limited recovery to \$8,168, representing the cost of repairing the physical damage to the house as of the policy expiration date.

The defendant was represented by William H. Levit of the law firm of Long & Levit.

Birdwell Elected Head Of Dallas Surety Assn.

P. K. Birdwell, American Surety, has been elected president of Surety Underwriters Assn. of Dallas, succeeding George L. Powledge, Standard Accident. Wendell E. Worthan, Home Indemnity, was elected vice-president, Sam R. Kimmell, Travelers Indemnity, secretary, and Paul Gardner, Floyd West & Co., treasurer.

that the need for the product is there, the capital is there and the management is there. The stock was offered to the public earlier this year at \$12 and is now available at \$9.

The annual report of the corporate information committee of National Federation of Financial Analysts Societies contains 11 pages on stock life insurance companies prepared by the committee headed by Evan L. Ausman of Chicago.

William H. Tegtmeyer & Co., Chicago, has put out a study of recommendations on Franklin Life that was prepared by Joseph E. Hart.

Amer. Fore Loyalty Loss Down, Volume Higher At Sept. 30

America Fore Loyalty had an underwriting loss of \$29,118,806 in the first nine months of 1960 compared with a loss of \$30,106,202 for the comparable 1959 period. Substantially improved underwriting results in the first two quarters were cancelled out in September by Hurricane Donna.

Premiums written for the nine months were up to \$424,887,587 from \$413,306,808 a year ago. Unearned premium reserve rose \$28,276,955 compared with a rise of \$36,426,949. Loss ratio to earned premiums was 65.2 and expense ratio to written premiums was 39.3 against 65.8 and 38.5, respectively.

Net investment income rose to \$32,185,015 from \$30,145,918 at the three-quarter mark in 1959. Operating gain was up to \$3,066,209 from \$39,716. Net capital gains stood at \$11,557,895 against \$23,299,396, and net income after taxes was \$14,474,099 compared with \$23,396,452 for the first nine months of 1959.

Zurich Promotes Fellows In Fire, Inland Marine

Zurich has promoted George D. Fellows to superintendent of the fire and inland marine department.

He started in the insurance business 24 years ago with New York Underwriters Ins. Co. in the underwriting department. In 1942 he joined the underwriting department of General Cover Underwriters Assn.

In 1954 he became assistant superintendent of the fire underwriting department for American of Newark, and later assistant superintendent of the production department there. He joined Zurich in Chicago in 1958 as assistant superintendent of the fire and inland marine department.

Allstate Safe Driver Plan Is Now In Mich.

Allstate has extended its good driver discount plan to Michigan. The company insures some 160,000 cars in the state and claims to be the largest stock insurer of automobiles operating in the state.

The plan, claimed by R. W. Weber, Michigan regional manager, to be unique among merit rating programs, provides for discounts up to 15% for good driving records. He said the plan will benefit the majority of Allstate's Michigan policyholders at their next renewal, as well as new policyholders who qualify after a year in the plan.

The plan excludes from consideration accidents in which insured was involved prior to becoming insured with Allstate, permitting new policyholders to earn three successive discounts of 5% for the first three years of his coverage. Present insureds will be rerated at renewal date on the basis of their driving records with approximately 95% eligible to receive an initial 5% discount.

& Co.,
1960
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Auck Warns Of Changing Fire Risks

(CONTINUED FROM PAGE 12)

require fine tolerances and are quite susceptible to water damage. Extraneous combustible material must be kept to a bare minimum because quantities of it may require hose stream use in time of fire and this is fatal to electronic equipment.

Prevent Water Damage

Mr. Auck recommended that the carbon dioxide and sprinkler systems be time-delay interlocked so that the carbon dioxide operates first. Thus, if it handles the fire, the sprinkler system's operation can be forestalled manually and water damage prevented. As soon as any protective system goes off, all data equipment in the room should be electrically de-energized automatically. The air conditioning system should also be turned off automatically to prevent the undue spread of fire and smoke to other areas.

Plastic memory tapes on reels should be stored in cabinets in a separate, adjacent, cutoff, fire-resistive room. Loss of them means that one has to start all over again and put all the company's data back onto tapes. The labor investment in tapes is fantastic.

In the underwriting of buildings, Mr. Auck commented, the fire underwriter may be offered as a risk an incombustible building, multi-story, with masonry and glass panel walls, incombustible floors and roof, and containing a manufacturing occupancy. He pictures a conventional masonry building with which he is familiar, and passes on to the next risk. Should he stop and look?

Older masonry buildings presented an exterior face that was about 65% masonry and 35% glass windows. Each window had a few feet of masonry above, below, and on each side of it. Fire rates are predicated upon this type of building. It was a solid structure of known fire resistance, and it presented only a relatively few openings through which fire might enter or leave it.

Buildings Are Changing

But today buildings are changing. Gone is the masonry above and below glass window panels. In many cases the entire facing wall consists of glass panels bearing no weight or load except their own. These can be knocked out easily through heat disintegration or by fire hose streams. Suddenly the whole face of the building is wide open to expedite fire spread upward. The United Nations building is an example. Chicago is starting the erection of a 40-story structure that will have the glass extend from the ground to its top in a continuous pattern.

Glass offers minimal protection against exposure, he observed. The only obvious answer is to substitute clear space or horizontal floor slab extensions for the fire resistance formerly accorded by masonry between glass areas. Since fire tends to sweep upward, the interior protection required by fire codes for vertical stair and elevator shafts within buildings may be subverted by fire spread over the opened-up face of the building. Exterior surface fires such as this make fire fighting much more difficult.

In the early days, heavy timber or mill construction afforded a very high degree of resistance to fire. Many such structures have contained serious fires; their basic structural strength was impaired only slightly.

But whereas in the early days wood was plentiful and mill construction was cheaper than masonry construction, today the reverse is true, Mr. Auck said. One can scarcely purchase

large solid wood structural members. Yet many buildings are being erected using massive wood beams as supports. They are of a built-up type or glued laminated construction. These newer assembled wood beams were structurally adequate, but under fire conditions the glue or adhesive tended to delaminate and their integral strength was lost.

Underwriters' Laboratories reports that better non-delaminating adhesives are now being used by all manufacturers except one, and that one will soon come into line. However, Mr. Auck warned, field men might learn who manufactured the laminated wood beams, and when and with what they were stuck together, and report to the underwriter.

For years structures have been built with steel I-beams, around which concrete was poured to create fire resistance for the steel. Now it is suggested that a less expensive way would be to stretch steel cables to about 300,000 pounds per square inch tension, pour concrete around them, let it harden, and then release the tension. The release of tension will compress the surrounding concrete to make it denser and stronger.

But what will happen when fire reheats the steel Underwriters' Laboratories is just now getting ready to test.

Width Is A Factor

Among other lessons learned from the \$50 million fire at Livonia, Mich., was that the width of buildings is a vital factor in fire extinguishment. The average standard fire hose stream has an effective or working reach of about 75 feet. Therefore any industrial structure more than 150 feet wide will have an area within that cannot be reached by fire hose streams emanating from outside the building.

Mr. Auck recently saw a new building in Columbus, O., a warehouse

Cincinnati Agents Hear Talk On Automation

Savings through mechanization was the subject of talks given by Daniel Brower and John Linesch of National Cash Register Co. at the monthly luncheon meeting of Cincinnati Insurance Board.

Mr. Brower told the meeting that automated accounting procedures, properly planned and fitted into an agency's operations, can cost less than 20 cents per hour. He did not recommend automation for an agency doing less than \$100,000 in annual business; over that figure, feasibility of mechanization depended on the nature of the agency's business problems. Mr. Linesch gave a sales talk on the adaptability of National Cash Register products.

Service Guide

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about 300 feet long, 50 feet wide and 30 feet high, of plasticized fabric and inflated like a balloon. It even had an air-lock through which one entered or left. It looked substantial. Rubber strengthening ribs gave its exterior a look of stability. Its curved surface looked able to deflect wind pressures.

Several rating bureaus did not know how they would rate it for fire. Western Actuarial Bureau suggested a fire rate of \$2.50 per \$100 of insurance if it is unheated, or \$3 if it is heated, and about \$10 for windstorm. On the other hand, some feel it would be rated like a tent, or even as storage in open yard. Inflated structures are a coming thing. They're good for enclosing radar antennae since they reflect nothing that could interfere with radar operations.

Many Questions

But how do they support wiring or sprinkler piping? If a fire were to occur inside, would these walls collapse and trap people inside and underneath this plastic envelope? When collapsed can fire streams reach the site of the fire, or would the plastic

material shield the burning contents from water application?

Mr. Auck predicted vastly expanded use of plastics in buildings, in manufactured products, and as substitutes for metallics in industry.

Recently he tested a plastic pail from a variety store. A small flame caused it to deform within 30 seconds; in 60 seconds it burned merrily, and it burned for more than 30 minutes. What about a warehouse full of these new plastic products? Does the underwriter want it?

Some plastics are non-burnable; some are quite flammable; some will melt and some will burn only while flame is applied and will go out when the flame is withdrawn. He suggested that the underwriter have his field man get a sample, touch a flame to it, and be guided by the result.

He thinks it is necessary to insist that when plastics are used in building construction, they have fire resistance equivalent to that of conventional building materials. The plastic trade associations feel that fire resistivity for their products should be lowered.

Employers Liability Confers With Agents

Employers Liability has held a three day seminar with 10 agents at the Union League Club, Chicago. The subjects discussed were selected by the agents, and an agent acted as moderator at each session.

Subjects included advertising and sales promotion, agency management, direct billing, specific lines of coverage, and methods of developing better agency-company communications.

The agents suggested that producers should be informed of company problems and proposed solutions before any solution is officially adopted. They asked to be consulted before new policies are introduced, and indicated the wish to work with the company on research and development. A desire for further seminars was also expressed.

Company officials at the meeting were Frank W. Boyle and Daniel B. Linscott, deputy managers; John W. Cookson, director of agencies, and William A. Eakin, manager of the western department.

Russell H. Perry, executive vice-president Republic of Dallas, has been elected a director. He has been with the company since 1932 and until recently was manager of the eastern department at New York.

J. J. Long has joined Royal Globe's Seattle office as safety engineer.

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Reckling Again Editor Of Weekly Underwriter

Clifford Reckling is rejoining the Weekly Underwriter as editor, a position he held from 1958 until last September when he became editor of the American Agency Bulletin, official publication of National Assn. of Insurance Agents.

In a previous six-year association with NAIA, Mr. Reckling had been assistant director of promotion and publicity, and advertising manager and assistant editor of the American Agency Bulletin. Subsequently he was with J. J. Coppo advertising agency, Baldwin, N.Y., before becoming in 1958 editor of the Weekly Underwriter, the position he now reassumes.

IAC Eyes Reported Drop In Tie-In Ads

Insurance Advertising Conference is conducting a survey on a possible falling off in 1960 of agents' interest in tie-in advertising with companies. The inquiry was prompted by a member whose company is a national advertiser. He reported a decline in tie-in ads by producers.

The IAC survey asks what has been the reaction of agents in 1960 to offers of tie-in materials as compared with similar offers in 1959. Companies are being asked to give reasons why they think the reaction has been better or worse.

They are also being asked if they think that the opinion held by some that agents can use their money most advantageously in the Big I program has had any effect on company tie-in ads.

Great American Names Three In Cal. Expansion

Great American has appointed Secretary L. W. McChesney manager of the southern California regional office at Los Angeles. Mr. McChesney will be assisted by Paul Roster, who will have general supervision of administration and underwriting, and Roger W. Gilbert, who will assume activities in the newly created position of production superintendent.

Webb In Pittsburgh Field

Great American has appointed J. R. Webb special agent at Pittsburgh where he will be associated with Richard B. Urda, manager.



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3. STEP AHEAD of competition

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OF INSURANCE COMPANIES

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Pacific Employers • Meritplan • Allied Compensation • California Union • California Food Industry

Insurance Merchants, Professionals Differ

(CONTINUED FROM PAGE 10)

ceive of insurance as merchandise can cause uncritical application of principles which, however appropriate they may be to merchandise, are unhelpful and perhaps damaging when applied to insurance.

Hardly anyone would disagree that the trend to treat insurance as merchandise has downgraded the insurance merchant both in income and prestige. Any other result would be surprising and contrary to past economic experience in other lines of business. This trend in insurance suggests a bleak future for the agent of the merchant type.

Future Bright

On the contrary, Mr. Duke is optimistic about the future of the insurance professional. The trend both in insurance and industry seems to make more room at the top and less room at the bottom.

It appears reasonable to conjecture that the skilled insurance practitioner will become more important in the

future instead of less so. Unfortunately, at present, many insurance professionals waste their talents by acting as merchants, when they would better serve both their own interest and that of the public if their attention were confined to matters more worthy of their skills. Sending a man to do a boy's job has always been economically unsound.

This is not to contradict the fact that the attention of a skilled insurance practitioner to even the most simple coverage is desirable. But under the system of compensation now in vogue there seems no way to compensate him adequately for the service of which he is capable.

Mr. Duke believes that in accentuating the concept of insurance as merchandise, the business is either on the wrong track, or perhaps on the right track but proceeding in the wrong direction. He noted that many feel that insurance is not a commodity, like bacon or beans, but is a social device

employed in the human quest for certainty. They believe that its basic purpose is not to indemnify for loss or to distribute loss, but to avoid both subjective and objective uncertainty. Perhaps insurance is both a commodity and a service, but if that is true, the latter aspect has enjoyed scant attention in recent promotional techniques.

The safe driver plans currently sweeping the auto field may be an example of proceeding in the wrong direction. Whether these plans are actuarially sound is a question best left to qualified experts, Mr. Duke declared. But as a purveyor of insurance to the public he feels entitled to comment on their soundness from the standpoint of sales psychology.

These plans are saying in effect that the only desirable insured is one who never needs insurance, Mr. Duke asserted. As soon as insured reports a claim, the business begins to penalize him by a rate increase, or even by declining to renew his coverage. In fact, reporting a claim now tends to leave insured with a feeling almost of shame. But if there were no claims, there would be no insurance business, nor any need for it.

The fact that uncertainty is increased when insured is required to sign a statement which becomes part of the policy is beyond debate, and yet uncertainty is the "very thing we are trying to avoid." Errors will be made in these statements—intentionally or otherwise—and they are material. Claims, undoubtedly, will be denied as a result, and insured may be exposed to the loss of his privilege to drive a car for the rest of his life, in addition to losing his property.

Cites Paradox

Mr. Duke pointed to the paradox of insurers "loudly trumpeting their claim service," and at the same time threatening insured with premium increases of from 20% to 200% if they dare to report any claims—even those which have occurred in the past. These considerations make it doubtful in Mr. Duke's mind that the public has gained by earning a possible 15% saving in rates at such sacrifice of certainty.

He emphasized the need for dedicated research on the fundamental subject of what insurance is and what it does. If the public can be made to realize that the purpose of insurance is to avoid uncertainty and that the payment of a claim is a necessary but incidental part of fulfilling the guarantee against uncertainty which it was the purpose of the policy to provide, then a new era in insurance will open. If the public could be further persuaded that insurance is one means, and often a very effective means, of avoiding uncertainty, but that sometimes it is not the only one or even the best one, then the insurance agent becomes not merely a clerk and a "tout," but a valued adviser in the general field of static uncertainty. In such circumstances, a difference of 10% or 15% in the cost of insurance would seem unimportant. The effect of all this would be to upgrade the service and the skills required of the insurance agent, and to reverse the present trend, Mr. Duke concluded.

Weathersby In Tenn. Field

National Fire has appointed Willard A. Weathersby Jr. special agent at Nashville for Tennessee. Before joining the company in June, he had been in agency work at Pompano Beach, Fla., and Memphis.

Selling Is The Only Real Issue, Michigan Mutual Agents Hear

(CONTINUED FROM PAGE 7)

works almost entirely by telephone contact and he emphasizes claims services.

The steadily increasing importance of insurance as an institution and the agents' role in its successful functioning were stressed by Commissioner Frank Blackford of Michigan. He noted that total premium volume for all lines in the state amounted to \$1.4 billion during the past year, the fifth consecutive year in which premiums have exceeded the billion mark.

He said the volume of complaints to his office seems to be on the rise, particularly in the health field, and he urged agents to give their attention to this problem.

The commissioner also reviewed a recent cease and desist order which he issued to Standard Oil of Indiana in connection with the sale of its credit card accident coverage in Michigan.

Robert Steinke, production manager of Celina Mutual, discussed the general sales picture, and John Fles of Michigan Claims Service, reviewed trends in claims.

Fund Names Three In Chicago And S. F.

Fireman's Fund has made three major changes in the bond and burglary staff. Martin Rudlang has been transferred from Chicago to San Francisco where he will be responsible for bond and burglary production in the 11 western states of the Fund's Pacific and southern California departments. He was formerly bond and burglary manager of the western department in Chicago.

Raymond Hughes, formerly supervisor of the fidelity and burglary division, succeeds to Mr. Rudlang's post at Chicago.

Luman E. Williams has been named assistant manager in charge of contract surety, internal affairs and the underwriting of all bond and burglary business. He was formerly superintendent of the bond and burglary department.

Western Casualty & Surety Has Premium Increase

Western Casualty & Surety and its affiliate, Western Fire, reported slightly lower underwriting profit in the third quarter compared with 1959, with combined loss and expense ratio of 98.18%, compared with 94.23%. For the nine months the operating ratio was 96.5%, compared with 96.0%. Premiums written were \$682,612 more than in the corresponding quarter and for nine months were \$38,716,968, a new high record.

Assets were increased to \$77,862,349 on Sept. 30. Adjusted earnings, including increase in equity in unearned premiums, amounted to \$2,296,823, or \$3.83 per share, compared with \$3.64 per share a year ago. For the 12 months ended Sept. 30, the companies had an increase in assets of \$5,369,981 and in surplus of \$380,389 after adding \$2,418,295 to the reserve for unearned premiums and \$2,074,161 to the reserve for losses and after the payment of \$840,000 in cash dividends.

The companies are celebrating the 50th anniversary of their founding on Nov. 10 at Fort Scott, Kan. The multiple-line group now has nearly one million policyholders in 39 states and annual premium of more than \$50 million.



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Effect Of Election On Commissioners' Posts Is Reported

(CONTINUED FROM PAGE 1)

sign Jan. 1 to devote his full time to the study of law.

Minnesota

The incumbent governor lost, but while Commissioner Magnusson's term does not expire until February of 1956 there is speculation whether he will remain in office.

Missouri

The incumbent governor won. Superintendent Leggett's term expires in January.

Montana

Commissioner Holmes was reelected.

Nebraska

New governor is a Democrat. Director Grubbs, whose term expires in January, was appointed by a Democrat governor.

New Hampshire

Incumbent governor won; Commissioner Knowlton's term does not expire until June of 1963.

New Mexico

Incumbent governor lost, but Superintendent Apodaca has remained through other changes in the State's top post.

North Carolina

Incumbent won. Commissioner Gold's term expires in December.

North Dakota

Commissioner Jensen ran for reelection and was reelected by a large majority.

Rhode Island

Incumbent governor lost and there is no specified term to Commissioner Roberts' tenure.

South Dakota

Incumbent governor lost. Commissioner Dawson's term expires in June of next year.

Texas

Incumbent governor won. Commissioner Harrison's term has no definite limit.

Utah

Incumbent governor won. Commissioner Hulbert has no specific limit to his term.

Vermont

Incumbent won. Commissioner Miller's term has no specific limit.

Washington

Commissioner Sullivan did not run for reelection. His office was won by Lee I. Kueckelhan, deputy commissioner for the past 17 years.

West Virginia

Incumbent governor lost; Commissioner Pearson's term expires in June of 1965.

Wisconsin

Incumbent governor won. Commissioner Manson's term expires June of 1963.

D.O.C. Applied To Mis-Used Co. Car

Illinois appellate court produced a strange construction of drive-other-cars coverage in Schoenknecht vs. Prairie States Farmers Insurance, 20 C.C.H. (Auto 2nd.) 1306. The essence of the holding was that the exclusion of an automobile supplied for regular use to the insured does not apply where the insured was using an automobile so furnished, but, at the time of the accident, outside the scope of the use which he was supposed to make of it.

Schoenknecht, the insured, was an employee of a public utility in Chicago, servicing gas appliances and investigating complaints about leakage of gas. He drove an automobile owned by his employer regularly in the course of his work, but was supposed to return it at the end of each working day. At the end of the day in question, instead of returning the automobile, he drove it off to visit some friends and was involved in an accident more than six hours later.

Prairie State Farmers had written insurance on Schoenknecht's personal automobile under the basic policy. This contract covered use of other automobiles, excluding "any automobile owned by, registered in the name of, hired as part of a frequent use of hired automobiles by or furnished for regular use to either the named insured or a member of the same household."

On the basis of this exclusion, the company denied coverage for actions brought against Schoenknecht for bodily injury and property damage arising out of the accident. The Kane County circuit court held for coverage and the appellate court affirmed this holding, on the ground that the automobile was furnished Schoenknecht for regular use for a specific purpose, but had never been furnished to him for the use to which he was putting it at the time of the accident. The opinion also points out that nothing in the drive other cars or "use of other automobiles" portion of the policy made coverage dependent upon the insured having permission of the owner.

This case would not apply under the present family automobile policy. Since the 1958 revision, this contract has provided drive other cars coverage only if the other automobile is operated with the permission of its owner. However, the present basic policy provisions still do not contain this limitation.

R. I. Gets Merit Auto Plan, Rate Increase

The merit rating, package policy program for private passenger automobiles filed by National Bureau and National Automobile Underwriters Assn. has been approved in Rhode Island, effective Dec. 1. The program will be accompanied by a 10% liability rate increase.

The plan is substantially similar to that filed in Ohio. The package policy produces a 10% saving over the cost for the coverages separately purchased, and safe driving earns insured up to 15%. Farmers get a discount of 30%, second car gets 25% off, there is a 10% driver training discount, and the 10% compact car credit.

The NAUA rate filing produces a slight reduction statewide. Liability rates are also increased 43% for commercial cars and 25% for garage risks buying broad protection.

J. Lawrence Kelly, who has been operating the J. Mervin Allen agency of Boston, has joined Merlin J. Ladd & Co. there. Mr. Kelly is past president of Insurance Brokers Assn. of Massachusetts.

Holmes Royal-Globe Manager At Kansas City

Royal-Globe group has appointed Shelby E. Holmes manager of the Kansas City region which includes Missouri, Kansas and southern Illinois. He succeeds John A. Bosdett who has retired after more than 30 years with the group.

Mr. Holmes has been with the group for more than 25 years. He advanced in various production and executive capacities and was named regional manager at New Orleans in 1953 to supervise operations in Louisiana, Arkansas and Mississippi. Most recently he was associate manager at Kansas City. He will be assisted by Arthur E. Hogan.

Abilene Agents Name Officers

New local association officers and other changes of Texas Assn. of Insurance Agents include: Abilene—Robert H. Deegan, president; W. Willis Cox and William Senter, vice-presidents, and Robert White, secretary. Texarkana—association named changed to Texarkana Insurance Exchange.

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Idaho Falls, Idaho; Pocatello, Idaho; Twin Falls, Idaho

AMA Meet Covers Variety Of Subjects

(CONTINUED FROM PAGE 1)

market is about the same. Most markets require of their good-sized risks at least 100/300 bodily injury and \$100,000 property damage limits on primary policies. Sometimes lower limits are permitted for smaller risks.

The minimum premium was \$6,000 three years ago when the umbrella policy was first introduced. However, competition and extension of the form to smaller risks have reduced the minimum premiums to a very low figure, he explained.

Mr. Byrne also discussed the bumbershoot policy which he described as being a broader umbrella liability plan, usually for risks with substantial marine exposures and substantial primary marine coverage. The premium for this policy is higher, and he said that as far as he knew only Lloyd's marine underwriters wrote the coverage.

Summing up, Mr. Byrne said the umbrella keeps the buyer from being "all wet" as he might be if he attempted to forecast that his "big loss" was going to occur only in those areas covered by conventional policies. "If he insists upon prophesying in this manner, not only might his company be soaked with a large uncovered loss, but he himself may be sacked." The moral of this, he said, was "put up

your umbrella. It may have been inside out for a few years, but it's all right now."

Although cost allocation is primarily an accounting function, the insurance manager has a responsibility to allocate insurance costs, Frank A. O'Shaughnessy, Container Corp. of America, opined. If the various departments within a company are to bear their proportionate share of insurance cost, it is up to the buyer to determine the shares because he is the one who best knows the valuation, exposures and hazards.

Since the primary purpose of cost allocation is to apply insurance costs to the operation according to exposure, the buyer is usually able to spread the cost on a reasonable and equitable basis, Mr. O'Shaughnessy said. A number of benefits result from a reasonable and fairly accurate allocation. Management can obtain a better picture of the actual costs of given operations, and having been made aware of insurance costs, management sometimes will look a situation over more carefully before making a decision. A proper allocation of costs also assists management in evaluating the performance of its various divisions. In addition, allocation procedures may serve to initiate loss prevention pro-

grams.

The marine cargo market was covered by John L. Doran, Frank B. Hall & Co., New York, whose talk consisted of answers to questions most frequently asked of him. He said the market for marine cargo insurance is presently a buyers' market, and insured can take advantage of this by obtaining a premium and loss record on their policies, and by reviewing their experience, preferably for the last five years. If their experience is good, they should ask their agent or broker for a rate reduction, and if it is bad, they should find out why.

Follow Recommended Procedures

Prompt payment of losses can be secured, he said, by carefully following loss procedures recommended by the underwriter. On import shipments, the broker or agent should be notified immediately so that he can appoint a surveyor. The shipper should also be notified in case it wants to have its own surveyor. He reminded his listeners that underwriters never accept abandonment of shipment, and claims on merchandise sold short of destination are settled on a salvage basis, and on a particular average basis if the merchandise is delivered to the destination.

Paper work on cargo insurance declarations can be reduced as long as the methods used are acceptable to the banks involved and are clearly understood by the consignees, he said.

George McEwen, Despard & Co., New York brokers, described crime insurance as being an "indemnity against tragedy and the romance of the sick mind." A company can reduce its fire risk by installing sprinklers, but there is no method, system or device which can regulate the degree of honesty of its employees. This can be a serious problem and many companies are overlooking the risk of insolvency which can be caused by dishonesty.

Mr. McEwen commented on recent scandals involving payola and violations of Security & Exchange Commission requirements. These violations are not insured under the standard dishonesty policy, and criminal act coverage will be necessary to insure against such a loss. Action along these lines may be one of the most important developments in the future in the field of honesty insurance, he declared.

Peter M. Chiuminatto, Charmin Paper Products Co., Green Bay, Wis., suggested that company directors and the insurance manager would do well to develop a team approach rather than to blame each other if there are some uninsured losses which are difficult for the company to absorb. This, he said, is the results approach, not individual achievement. The results approach will give the company an insurance program which will keep it solvent under any loss conditions, keep its earnings up in spite of not operating, protect stockholder dividends, and assist in public relations and employee relations, all at a minimum cost.

The responsibility pattern, Mr. Chiuminatto explained, is that the stockholder charges the directors to operate the business and deliver a reasonable return on the invested capital, and the directors accept this challenge as long as they get help on losses sustained from other than the day to day operation and policies of the business. Therefore, it is the responsibility of the buyer to guide management in this particular area. To do this he needs freedom and authority to act within the framework of company policy.

The impact of insurance rehabili-

tation programs was described by W. Scott Allan, assistant vice-president Liberty Mutual. He pointed out some of the economic values of rehabilitation: More manpower is made available, and there is an economic gain by restoring workers' earning power; removal of handicapped from public assistance rolls effects a tax saving; the cost of disability, particularly under workmen's compensation benefits, is reduced; and shortened disability may mean lower court verdict settlements.

Mr. Allan said that in the future there will likely be a spread of mandatory provisions in workmen's compensation acts which require the insurer or self-insured employer to provide rehabilitation in the same way that they now must provide medical care.

Speaking on products liability, William J. Condon, New York attorney, reviewed a number of cases in which the judgments rendered were totally lacking in proof of causation as has been previously known in law. These new, liberal standards of proof "signal the beginning of a new era in products liability litigation," he said, and he advised buyers to reexamine their products liability so that their companies will not be faced with an unexpected and, perhaps, calamitous exposure.

Ohio Farmers Has Claim Department Changes

Harvel B. Pope has been appointed assistant claims manager for Ohio Farmers in the Pacific Coast department. He will move to Los Angeles from San Diego where he has been claims manager since 1953.

Arnold F. Edwards has been promoted to claims manager in San Diego. Raymond M. Hemphill has joined the staff of adjusters and will assist Mr. Edwards.

Eugene-Lane County (Ore.) Assn. of Insurance Agents has elected Howard W. Berge president, Ray D. Pollard vice-president, and James C. Walsh secretary.



Your counsel

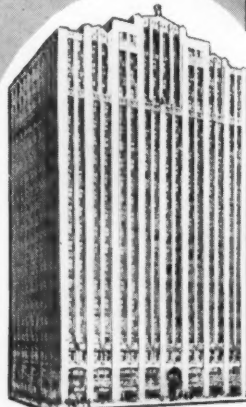
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How To Sell Underwriting Decisions

The best way to sell underwriting decisions is to understand the English language and know how to use it, N. J. Hruby, associate dean of the department of adult education of the University of Chicago, said in his talk at the mutual technical conference sponsored in New York by Federation of Mutual Fire Insurance Companies and the mutual rating bureaus.

In hiring personnel the company plans to use in the underwriting division, Mr. Hruby urged a little less faith in the personnel interview and more effort to find out how well they write. He recommended that if the company is large enough it should retain an English instructor to run writing clinics. Or, there is almost always a nearby school where the underwriter trainee can undertake adult education in writing improvement.

To reinforce writing ability, the underwriter should take courses in how to deal with people effectively—practical psychology.

Must Know Agent

What operating principles are useful for the underwriter who has to turn down a risk but do it in such a way as not to lose other business he wants to keep? He knows—or should know—the company's policy and the company's attitude toward agents and toward this particular agent. If he is going to be effective, he must know the agent, personally if possible. No form letter will solve the problem. The important thing is to write "person to person." This assumes that the underwriter goes out and talks with agents, and that agents come in and talk with underwriters.

It is when the underwriter becomes a supervising underwriter directing the activities of other underwriters that he faces the problem of getting good people. Here it is that Mr. Hruby recommends he hire persons who can write.

A most important aspect of the task of selling underwriting decisions is that of preventing bad communication. Here he recommends the use of a manual so that the underwriter understands company policy and its attitude toward the agent (is he a necessary evil, a flower to be cultivated, or a mixture?).

The periodic issue to agents of a case book of the kinds of decisions the company makes would help agents greatly, Mr. Hruby pointed out. Also, underwriters must have a keen awareness of their own importance as the

critical link between company and distribution forces.

Mr. Hruby took a vote on three letters written by underwriters. The three letters are:

1. "There are various reasons why an insured may be ineligible for coverage. A person's general history, loss record, and pattern of living all enter into the final evaluation to determine continued acceptability. It is important that we be relieved of our lia-

bility as soon as possible. Direct action will not be taken if this policy is returned to us by (date)."

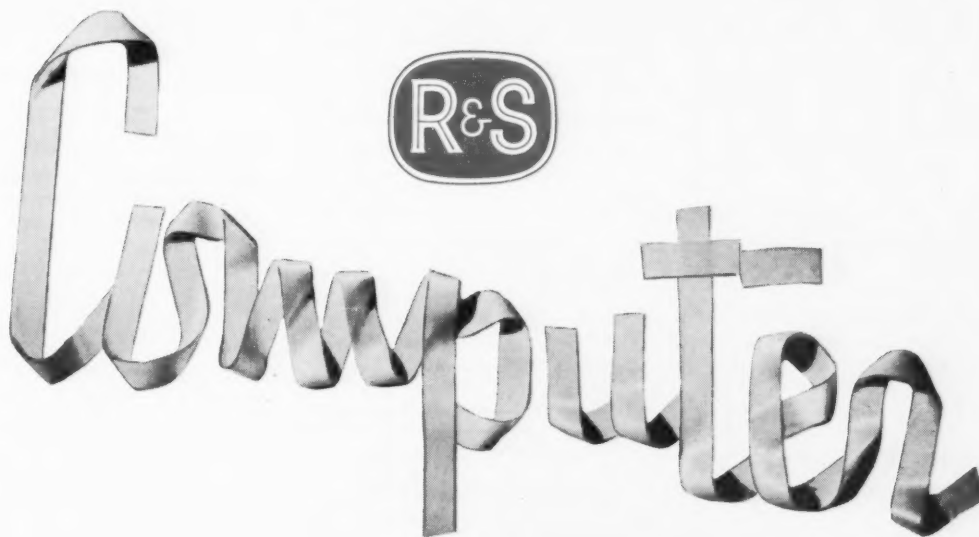
2. "A review of this file reveals that this risk does not meet (the company's) underwriting requirements. Would you please return the policy to us by (date). If you have any questions concerning this request, please write us. Replacing the policy before the above date will assure your client of continuous protection. As you know, our policy will be canceled when you return it, or within a few days if it is necessary to send our Notice of Can-

cancellation to the insured."

3. "We are sorry that we must ask you to return this policy to us since this risk does not meet our underwriting requirements. (Date) is the deadline for the return of this policy. After that date we will assume that you cannot obtain the policy from the insured and a Notice of Cancellation will be sent directly to the policyholder. Your cooperation in returning this policy promptly will be appreciated."

The voting went 61 for No. 1, 42 for No. 2, 119 for No. 3, and three votes for Truman.

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11% Rise In Compulsory Rates In Mass. Indicated

Commissioner Whitney has indicated that compulsory auto rates in Massachusetts would rise approximately 11%. These are not the final rates. Those will be promulgated after a public hearing Nov. 25. Age and use classifications have been increased from five to nine.

Insurers had asked for an increase of 15.5%.

Declares Extra Dividend

National Fire has declared an extra dividend of 40 cents per share on its capital stock. This is in addition to the next regular quarterly dividend of 40 cents per share to be paid Jan. 3 to stockholders of record Dec. 15, 1960. The extra dividend will be paid Dec. 1 to stock of record Nov. 18. In 1959 a similar extra dividend of 40 cents a share was paid.



McConnell Reviews O'Mahoney Report

(CONTINUED FROM PAGE 4)

in insurance, then, there has been a decline in concentration of assets among leading companies in the industry." Actually, there is nothing in the subcommittee proceedings to support the claim that state insurance laws and commissioners have not protected the public interest with respect to mergers.

Termed 'Nebulous Generality'

Mr. McConnell termed the last conclusion of the report "another nebulous generality." This portion of the report concludes that the states have been lax in enforcing statutes on restraint of trade, monopoly and unfair trade practices. He said that this infers that criminal actions have occurred but there is nothing in the record to support the assumption. "I suppose the only answer to this is to suggest that if the subcommittee has received evidence of that sort, it should be referred to the appropriate state insurance commissioner."

To people who are not in touch with

the subject and who wonder why the industry favors state regulation instead of federal regulation, Mr. McConnell said the most practical and compelling reason is that under state regulation, the public can easily find the individual responsible for law enforcement or lack of it. Anyone who has had experience with the federal bureaucracy, he said, knows that these good features of state regulation do not exist under federal regulation.

He emphasized the phrase "state regulation instead of federal regulation." He said the language should make it explicit that "if the federalist planners should at last accomplish their ambitions . . . we would have only a superimposed bureaucracy with concurrent and overlapping federal regulation added to continuing state regulation."

Comments On Multiple Line Writing

Mr. McConnell also commented on the duties of the insurance commissioner and on multiple line writing. On the latter, he said it was a dangerous

fallacy to assume that because an insurer has enough capital and surplus to qualify for additional lines under the multiple line statutes it should automatically receive a certificate of authority.

Proper performance of an insurer, he asserted, depends upon its character, ability and experience of the people who conduct each class of business. General executive ability and experience are not sufficient, and in this specialized business, the department will not license a new class of insurance until it is satisfied that the insurer has adequately trained and experienced personnel to handle it.

"Continued stability depends upon sound underwriting and claim administration as to each class of insurance, supported and to a large extent controlled by the equally important third element of the business of insurance, which is, of course, accounting," he declared.

IAC Ready With '60 Ad Award Program

(CONTINUED FROM PAGE 1)

unimportant. Rather, an outstanding advertising ad publicity program is determined largely by the agent's skill, sound planning and the degree to which the program accomplishes the objectives expected of it.

The four premium income classifications for agencies are (1) under \$100,000 in annual premiums, (2) \$100,000 to \$250,000, (3) \$250,000 to \$500,000, and (4) over \$500,000. One Oscar, the top award, is presented in each division to the agent or broker who exhibits the best over-all advertising program for 1960, regardless of the media used. Twelve Oscarettes will also be awarded, three in each division, for the best advertising in one particular medium—radio or television; direct mail; and newspapers.

Winners of the competition will be announced at the annual IAC convention next June. The deadline for entries is April 1. Complete details of the program are available by writing G. M. Kiefer, 412 Washington Street, Reading, Pa.

HIA Appoints Miss Mabry Administrative Assistant

Health Insurance Assn. has appointed Carol Mabry administrative assistant. With HIA since 1956, she has been secretary to Paul M. Hawkins, Washington counsel, and in charge of the business operation of the Washington office.

Julius Werbner, retiring as an agent of Metropolitan Life after 29 years, has opened a general lines agency at Wollaston, Mass. His wife, who has been in the business since 1951, will be with him in the enterprise.

CLAIMS

Investigator-Adjuster Available for Chicago Suburban area. 10 years extensive local experience in heavy P.I., P.D., Fidelity, Burglary, W.C. Fee basis only. References on request. Write Box U-72, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

EXECUTIVE, 20 years experience—Home Office, Branch Office, Agency. Highly successful record in Underwriting, Production, Fire and/or Casualty including Surplus and Excess Lines. Can lend valuable assistance in procuring Charter. Age in 40's, married. Write Box U-71, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

General Re Widens Facultative Unit

General Re is expanding the operations of its facultative reinsurance department by extending service to the company's midwest and Pacific Coast regional offices.

In Kansas City, James R. Patterson has assumed immediate charge of all facultative business, both fire and casualty, in the midwest. In Los Angeles, James V. Dargan has taken charge of similar operations for the Pacific Coast.

Mr. Patterson was with Boston as marine supervisor at Kansas City. Before that, he was a special agent of Security of New Haven.

Mr. Dargan previously was with Hartford Accident in Los Angeles, in charge of automobile underwriting. He began his career with Indemnity of North America.

The facultative department of General Re, according to James A. Cathcart, chairman, is a widely used, licensed market for problems in both the casualty and property fields which require an individual risk approach rather than treaty reinsurance. Such risks are now written by the staff of this department on a multiple line basis in General Re's three offices. Negotiations are conducted directly with the originating insurance company only.

Shelby Mutual Holds 25th Annual Conference

Some 50 field men, auditors and safety engineers of Shelby Mutual met at the home office for their annual conference. Growth of the company during the 25 years that such conferences have been held was highlighted by some of the comparisons made at this year's meeting. The company has increased ten-fold in size since the middle 30s and volume is about 30 times what it was then. In the past 10 years, assets have grown from a little over \$11 million to a present total in excess of \$35 million.

Priority Topics

Topics given priority at this year's conference included developments in the automobile field, the company's progress in writing fire cover and the application of machine methods to more efficient handling of business and providing agents with machine produced policy renewals.

According to the company, experience in the past year has demonstrated practical advantages to the agent of a system of automated renewals on personal lines adapted to such handling. Shelby is now refining its system to incorporate improvements suggested by agents and made possible by the use of more advanced electronic equipment.

Lohmiller In Colo. Field For Phoenix, Hartford

Phoenix of Hartford has appointed James D. Lohmiller special agent in Colorado. He has completed a period of orientation in various departments at the home office and will make his headquarters at Denver.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

INSURANCE COMPANY CHARTER WANTED

Our general agency wants to buy charter of inactive fire or casualty company. Prefer \$75,000 capital and surplus or under. Will consider "leasing" charter with purchase option. Reply Box U-65, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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to handle Medical Claims in our Pittsburgh Branch Office

Excellent opportunity with supervisory responsibilities. Fine earnings potential. Hospital and Retirement benefits. Give full background information and salary requirements.

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For travelling; Field work with large Multiple Line old well-established "Stock Company" General Agency. Prefer Casualty background; must live in Jackson, Miss. Prefer age from 28 to 40. Should have sales ability and good knowledge of insurance agency business. Good salary to qualified person able to produce results, and willing to make insurance a career. Write Box U-66, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIRE UNDERWRITER

Old established, favorably known, multiple line mutual company has opening for fire underwriter with at least two years experience. Fine working conditions in small town, north central Ohio. Write Box U-30, National Underwriters, 175 W. Jackson Blvd., Chicago 4, Ill.

FOR SALE

Illinois Fire & Marine & Casualty Insurance Co.

CHARTERS

Interested parties write Box U-70, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

OPPORTUNITY NOW COMMERCIAL SALES

We are one of the fastest growing stock companies in the industry. Our aggressive expansion has brought about an opportunity for top notch salesmen.

You will be selling commercial fire and liability primarily, and will also be equipped to sell our many personal lines.

Our benefits are unsurpassed and your earnings, similarly, are unsurpassed with commission compensation on a basis of a minimum guarantee. If you have at least two years of successful commercial sales, are married, with a good personal background and a driving desire to succeed, please write in complete confidence to Box U-53, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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BRANCH MANAGER

Progressive Multiple Line Company, rated A+, is interested in a Branch Manager for an established branch office in Texas. This is a southwestern domiciled Company. Unlimited opportunities. Good salary. Present full resume. Write Box U-69, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

...WANTED...

An energetic, experienced casualty man with selling ability to head Surplus Lines Dept. of a large Louisiana managing general agency having excellent London contracts and best local agency contacts. Replies confidential. Write Box U-67, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FORT LAUDERDALE AREA

Agent must move, sell small agency without directed business at fair, not bargain, price. Buyer needs \$25,000 cash toward purchase and about ten operating capital. Write Box U-68, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Additional Photos Of AMA Chicago Meeting

John R. Brouch, Armour & Co.; Fred Capetta, American Glass Co., and A. W. Mueller, Armour & Co.



At the Stewart, Smith (Ill.) suite: M. G. Jackson, Vulcan Materials, Birmingham; H. Robert Larkin, Lawton-Byrne-Bruner agency, St. Louis; Otto P. Blumfelder, Ralston Purina Co., St. Louis; Charles Mule and James Mitchell of Stewart, Smith; Earl R. Stuckmeyer, Ralston Purina Co., and Douglas Reid, Stewart, Smith.

Donna Cuts Earnings Of Springfield F.&M.; Monarch Results Rise

Springfield-Monarch group in the first nine months, includes for the first time the results of Freeport and Horizon, which were affiliated Sept. 1. The affiliation, together with the growth of \$1,638,000 in Springfield's writings, increased property and casualty premiums to \$53,906,239, compared to \$46,213,373 for the same period a year ago.

Donna Did It

The property and casualty companies show a statutory loss of \$1,410,138, which includes \$1.2 million in losses caused by Hurricane Donna. A year ago, there a statutory loss of \$637,228 for the same period.

In property and casualty, the ratio of losses and loss adjustment costs to earned premiums was 59.5% against 58.6% in 1959, and the general expense ratio to written premiums was 43.6%, compared to 43.7% last year.

For the life companies, underwriting results improved and there was a substantial increase in earnings. Life insurance in force increased to a new high of \$591,788,815, a gain of \$44,783,544. A&S premiums in force mounted to \$26,249,211, a rise of \$1,437,989.

Net investment income shows an increase of \$413,098 for fire-casualty and \$401,892 for life. The net combined investment income rose to a total of \$4,138,863.

Chicago Claims Assn. Hears Discussion Of Group Problem Areas

Two problem areas of group insurance were discussed at the November meeting of Chicago Claims Assn. Norman L. Rohlfing, general group A&S division superintendent Continental Casualty, described cost control in relation to hospital expense, and William A. Ashley, assistant superintendent insurance & pensions Chicago Transit Authority, briefly recounted a number of case histories which illustrated the often-encountered difficulty of ascertaining whether a specific claim fell under workmen's compensation or group A&S jurisdiction.

Mr. Rohlfing stated that the following were among the most frequent areas of abuse of over-utilization: Unnecessary confinement; health examinations being conducted in the hospital, and elderly patients being confined solely because no-one was available to take care of them.

How is one to recognize these abuses? Mr. Rohlfing suggested checking the expense sheet to look for low drug charges and over-all high expenses. Checking the patient's medical history for a chronic condition is also valuable.

Mr. Rohlfing suggested that claims people check especially the room and board charges, since it is not uncommon to find these boosted up to the policy's limit.

E. G. Finneran, National Casualty, reminded members that the annual Christmas is to be held this year at the Svithiod Club, Dec. 14. He said it is sure to be the best ever held since its cost is guaranteed to put the association deeper in debt than it has ever been.

Extends Public Insurance Bids

Insurance agents through the local associations in the Minneapolis suburb of St. Louis Park will no longer have exclusive claim to the insurance for the city and the school district. Bids are now being invited from agents in Minneapolis as well. The school board voted to advertise for a list of qualified bidders on the insurance, and the city council instructed its attorney to prepare a resolution permitting competitive bidding in the metropolitan district.

Adjusters Of Chicago Hear Clark

At its November luncheon meeting, Adjusters' Assn. of Chicago heard William Clark, Chicago Tribune financial editor, speak on the industrial developments on the European continent. It was announced that the association's Christmas party would be held Dec. 8 at the Bismarck Hotel.

At the R. H. Gore headquarters—Raymond Embrey and Joseph Fern of the Gore agency, Sam Leeland, Youngberg-Carlson agency and Norman Barry, attorney.



Dene Sheehan of Williams Bros.; Ferris Martin of Rollins Burdick Hunter Co.; Thomas Carey of Swett & Crawford (Dallas); Bromby Westlake of Swett & Crawford (Chicago), and John P. Keever of Maryland Casualty.



At the Rollins Burdick Hunter Co. reception: Richard McKiddy of Kerr-McGee Oil Industries; Sven Thomsen of Baxter Laboratories, and Robert Douglas of the Tribune Co.

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